

Code of Conduct for Board Members  
&  
Senior Management Personnel



**Kitex Garments Limited**

## **1. PREAMBLE**

The adoption of this Code of Conduct (the "Code") by the Board stems from the fiduciary responsibility which the Board Members and the Senior Management have towards the stakeholders in the Company. Therefore, Board Members and Senior Management act as trustees in the interest of all stakeholders of the Company, by balancing conflicting interest, if any, between stakeholders, for optimal benefit.

1.1 This Code of Ethic ("Code") shall be called "The Code of Conduct for Board Members and Senior Management Personnel" of Kitex Garments Limited ("the Company").

1.2 This 'Code' has been framed specifically in compliance with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.

## **2. PURPOSE**

a. The Company's reputation depends on the conduct of its Board Members and Senior Management Personnel.

b. The purpose of this Code apart from meeting the requirements of Listing Agreement with the Stock Exchanges is to:

- articulate the high standards of honesty, integrity, ethical and law abiding behavior expected of Board Members and Senior Management Personnel;
- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers, creditors and society at large);
- guide Board Members and Senior Management Personnel as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibility and accountability of Board Members and Senior Management Personnel to report and investigate any reported violations of this Code or unethical or unlawful behavior

## **3. APPLICABILITY**

This 'Code' shall be applicable to the following:

- Ø Executive Directors
- Ø Non – Executive Directors
- Ø Senior Management Personnel

The Code encompasses the following:

#### **I. ETHICAL AND MORAL BEHAVIOUR**

- Business shall be conducted ethically and by not committing, condoning or ratifying illegal or immoral acts.
- Standards of fair dealing and personal integrity will be observed.
- An environment free from gender-specific harassment, discrimination and exploitation will be maintained.

#### **II. CONDUCT OF BUSINESS**

Conduct of the business will be consistent with the Core Values, which are as under: -

- Customer Sovereignty.
- People Orientation.
- Innovation and Entrepreneurship.
- Transparency and Integrity.
- Anticipation, speed and flexibility.
- Passion for superior performance.

#### **III. SAFETY, HEALTH AND CLEAN ENVIRONMENT**

In all aspects of Company's operations, its employees, customers and society, safe, healthy and clean environment shall be given prime importance.

#### **IV. CONFLICT OF INTEREST**

- a. **Conflict Situations:** Any relationship, influence, or activity that may impair the ability to make objective and fair decisions is to be avoided.
- b. **Disclosure of Interest:** Any financial or other material interest by the Director/ Senior Management Personnel or through their relatives/ organization, in any contract with the company (including vendors and customers), shall be disclosed at first opportunity.
- c. **Competing with the Company:** Acceptance of any position of influence or of pecuniary interest in any other organisation, whose business is in direct competition with that of the Company, shall be avoided.

d. **Use of Company's Resources / assets / property:** Assets of the company are to be used solely for the benefit of the company. Opportunities discovered through use of corporate property, information or position shall not be exploited, for own personal gain, unless the opportunity is disclosed fully in writing to the Company.

#### **V. CONFIDENTIALITY OF INFORMATION**

Any such information (electronic or otherwise) relating to the Company, its intellectual property including technology and business processes, its business and customers/ vendors which is confidential, shall not be divulged.

#### **VI. PREVENTION OF INSIDER TRADING**

The Board Members and Senior Management Personnel shall comply with the code for Prevention of Insider Trading.

#### **VII. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

All laws, rules and regulations are to be complied with. The compliance and reporting systems established should be adhered to.

#### **VIII. CODE FOR INDEPENDENT DIRECTORS**

In addition to aforesaid, the Independent Directors of the Company shall also adhere to standards said forth in Schedule IV of the Companies Act, 2013 including duties as follows:

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company.
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;

6. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the company and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law

This code shall come into effect from January 25, 2016

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