

JAKHARIA FABRIC LIMITED

CODE OF CONDUCT & ETHICS

FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT GROUP

PREAMBLE

Jakharia Fabric Limited is committed to conducting its business in conformity with ethical standards and applicable laws and regulations. This Code of Conduct and Ethics intends to establish and clarify the standards for behavior in the organization. We believe that the interests of our stakeholders shall be best served in perpetuity when our core values remain anchored by our fundamental principles such as good corporate citizenship, exemplary personal conduct etc.

This Code of Conduct shall be called 'Code of Conduct & Ethics for Board of Directors and Senior Management of Jakharia Fabric Limited.

The Code has been framed in compliance with the regulation 17(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 ("Listing Regulations") which stipulates that the Board of Directors of every listed company shall lay down a code of conduct for all Board members and Senior Management personnel of the Company.

Directors, being trustees of shareholders, have fiduciary relationship with them. As such, the directors have fiduciary duties towards the company. These duties have been codified under Section 166 of the Companies Act, 2013.

PURPOSE

The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company. The code is in alignment with Company's vision and values to achieve the Mission & Objectives of the Company.

DEFINITIONS

"Board of Directors" or **"Board"** shall mean the Directors on the Board of the Company.

"Conflict of Interest" means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

"Whole-time Directors" shall mean the Board Members who are in whole-time employment of the Company and includes the Chairman cum Managing Director.

“Independent Director” shall mean an Independent Director as per provisions of the Companies Act, 2013 & Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 as revised from time to time.

“Relative” shall mean ‘relative’ as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014.

“Senior Management Personnel” shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads and all employees at Vice President Position and above.

“Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2013.

“The Code” shall mean The Code of Conduct & Ethics for Board of Directors and Senior Management.

“The Company” shall mean Jakharia Fabric Limited.

Words and expressions used in this Policy but not defined shall have the meaning as given in the Companies Act, 2013 and/or the Listing Regulations.

APPLICABILITY

This Code shall be applicable to the following persons:

1. All Directors of the Company.
2. All Senior Management Personnel.

The Whole-time Directors including the Chairperson and Managing Director of the Company and Senior Management Personnel should continue to comply with other applicable and/or to be made applicable policies, rules and procedures of the Company.

This Policy would take effect upon listing of the securities of the Company on the Stock Exchange(s).

KEY REQUIREMENTS

The Board Members and Senior Management Personnel must act within the authority conferred upon them and in the best interests of the Company and observe the following code of conduct:

1. Honesty & Integrity –

Honesty & Integrity are essential components of trust without which an organisation cannot function effectively. Every director and employee of the Company has obligation to conduct themselves with professionalism, honesty, integrity as well as high moral and ethical standards and act in the best interest of the Company at all times. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

We consider 'honest conduct' to be conduct that is free from fraud or deception and 'ethical conduct' to be conduct in conformance with accepted professional standards of conduct and compliance with all applicable laws.

2. Fair Dealings –

All the Directors and the Senior Management Personnel must deal fairly with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom you have contact in the course of official work. They may not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice.

3. Conflict of Interest –

The Board Members and Senior Management Personnel of the Company shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his/her opinion is likely to arise and shall make disclosures to the competent authority relating to all material financial and commercial transactions, if any, where they or any of their relatives have personal interest that may have a potential conflict with the interest of the company at large.

The interested Director and Senior Management Personnel of the Company shall not be present at the meeting where discussion on the resolution relating to contract or arrangement with a related party is being taken.

4. Other Directorships –

The Company feels that serving on the Board of Directors of other Competitor companies may raise substantial concerns about potential conflict of interest and therefore, all Directors must report / disclose such relationships to the Board on an annual basis.

The Directors must disclose their Directorship, Committee membership on the Board of other companies and substantial shareholding in other companies to the Board on an ongoing basis.

5. Confidentiality of Information –

Any information concerning the Company's business, its customers, suppliers etc., which is not in the public domain and to which the Directors and Senior Management have access or possess such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law. No Director /Senior Management Personnel shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized.

6. Protection of Assets –

Directors and Senior Management personnel must protect the Company's assets and information and shall not use these for personal use, unless approved by the Board. Directors and Senior Management must safeguard such assets and information against loss, damage, misuse or theft.

7. Equal Opportunities and Free from Harassment –

We believe in providing equal work opportunities to all employees (both men and women) and make employment decisions on merit basis and business needs. We seek to prevent/remove/redress sexual harassment at workplace and introduce good employment practices. You may report your complaint against discrimination/harassment at work place to Ms. Smitha Peter, Manager-Human Resources & Administration.

8. Insider Trading –

Director/Senior Management Personnel shall not derive benefit or assist others to derive benefit by giving investment advice based on unpublished price sensitive information as defined in SEBI (Prohibition of Insider Trading) Regulations, 2015 about the company and therefore constituting insider information. All Directors/Senior Management Personnel shall comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 and insider trading policy of the Company.

9. Health & Safety –

The health and safety of people at the workplace is a primary concern for the Company. We strive to provide good physical working conditions and encourage high standards of hygiene and house-keeping. Training shall be provided to employees to increase safety awareness and adopt safe working practices, particularly designed to prevent any accidents, leave alone fatal accidents.

10. Preservation of Environment –

Considering the business into which we are, we hold prime duty towards the preservation of environment. The Company shall strive to prevent the wasteful use of natural resources

and minimize any hazardous impact of the development, production, use and disposal of any of its products and services of the ecological environment.

11. Regulatory Compliance –

The responsibility of regulatory compliance lies on the senior level management and directors and shall ensure full compliance, to the best of their knowledge, of all applicable laws, regulations, rules, orders in the cities, states and countries in which the Company operates. It is the Company's policy to compete in the market place with complete adherence to applicable laws.

12. Financial Reporting and Accounting Requirements –

As a public Company, the Board and the Senior Management are required to follow strict accounting principles and standards, to report financial information accurately and completely in accordance with these principles and standards, and to have appropriate internal controls and procedures to ensure that our accounting and financial reporting complies with applicable law. The integrity of our financial transactions and records is critical to the operation of our business and is a key factor in maintaining your confidence and trust and of security holders and other stakeholders.

13. Transparency and Auditability –

The Board of Directors and the Senior Management shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security provide otherwise. Such transparency shall be brought about through appropriate systems, processes, segregation of duties, involvement of more than one manager in key decisions and maintaining supporting records. There are various kinds of audits held by various authorities as specified by their respective laws. The Directors and the Senior Management are expected to co-operate with independent and internal auditors in good faith and in accordance with law.

14. Gifts and Donations –

The Company, its Directors and Senior Management shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, you may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events.

We believe that charitable contributions and donations are an integral part of our corporate social responsibility. Charitable contributions and donations shall be made without demand or expectation of business return.

All such gifts or contributions shall be fairly and accurately reflected in Company's books of accounts.

15. Government Agencies –

Your Company renders following activities as illegal in order to obtain any favourable performance of official duties:

- a) Any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or
- b) Anything of value to any government official or their representatives, directly or indirectly, for the purpose of:
 - Influencing any act or decision of the government official in his official capacity; inducing the government official to do or omit to do any act in violation of his lawful duty; securing any improper advantage; or
 - Inducing the government official to influence a decision of a governmental authority.

DUTIES OF DIRECTORS

All Directors of the Company in terms of Section 166 of the Companies Act, 2013 and the Listing Regulations shall:

1. Act in accordance with the articles of the Company.
2. Act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
3. Exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. Not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
5. Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
6. Not assign his office and any assignment so made shall be void.
7. Act in accordance with the as per the requirements under the Companies Act, 2013, as amended or re-stated for the time being in force and Responsibilities of the Board as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under the Listing Agreement as amended from time to time.
8. Monitor and manage potential conflicts of interests of the Management.
9. Oversee and ensure the integrity of financial information and legal compliance.
10. Set the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.
11. Accountable under the Director's Responsibility Statement.

CODE OF CONDUCT FOR NON-EXECUTIVE DIRECTORS

Non -Executive Directors of the Company shall –

1. Always act in the interest of the Company and ensure that any other business or personal association, which they may have, does not involve any conflict of interest with the operations of the Company and their role therein.
2. Comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to them in their individual capacities.
3. Safeguard the confidentiality of all information received by them by virtue of their position.

CODE FOR INDEPENDENT DIRECTORS

This Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines for Professional Conduct

An Independent Director shall:

1. Uphold ethical standards of integrity and probity.
2. Act objectively and constructively while exercising his duties.
3. Exercise his responsibilities in a bona fide manner in the interest of the Company.
4. Devote sufficient time and attention to his professional obligations for informed and balanced decision making.
5. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
6. Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person; refrain from any action that would lead to loss of his independence.
7. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly.
8. Assist the Company in implementing the best corporate governance practices.

II. Role and Functions

The independent directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of board and management.
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
8. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties of Independent Directors

The Independent Directors shall:

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 behavior, 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.

IV. Manner of Appointment

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management.

4. The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :
 - a) The term of appointment.
 - b) The expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks.
 - c) The fiduciary duties that come with such an appointment along with accompanying liabilities.
 - d) Provision for Directors and Officers (D and O) insurance, if any.
 - e) The Code of Business Ethics that the company expects its directors and employees to follow.
 - f) The list of actions that a director should not do while functioning as such in the company and
 - g) The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Companies Act, 2013.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
3. Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate Meetings

1. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

2. All the independent directors of the company shall strive to be present at such meeting;
3. The meeting shall:
 - a) Review the performance of non-independent directors and the Board as a whole.
 - b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
 - c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

PLACEMENT OF THE CODE ON WEBSITE

As required by Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, this code and any amendment thereto shall be posted on the website of the company.

AMENDMENTS TO THE CODE

The provisions of this Code can be amended/modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management shall be duly informed of such amendments and modifications.

COMPLIANCE WITH THE CODE

In terms of Regulation 26(3) of the Listing Regulations, each Director and Senior Management Personnel shall affirm compliance with this Code on an annual basis. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company in the Form annexed hereto as Appendix -II.

If any Board Member and Senior Management Personnel leave the Company any time during a financial year, he shall send a communication in the said form to the Compliance Officer affirming compliance of the Code till the date of his association with the Company.

CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code by Directors, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

In case of breach of this Code by the Senior Management, the same shall be dealt with by the Managing Director of the Company.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Senior Management Personnel shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Appendix-I and forward the same to the Compliance Officer of the Company indicating that they have received, read, understood and agreed to comply with this code.

Appendix - I

JAKHARIA FABRIC LIMITED

**CODE OF CONDUCT & ETHICS
FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT GROUP**

ACKNOWLEDGEMENT FORM

To
The Compliance Officer
Jakharia Fabric Limited,
Office No. 1224, Jakharia Compond,
Deoji Nagar, Narpoli Village, Bhiwandi
Thane- 421302, Maharashtra

Dear Sir/Madam,

I have received and read the Company's Code of Conduct & Ethics for Board Members and Senior Management of Jakharia Fabric Limited. I have understood the provisions and policies contained in the Code of Conduct and agree to comply with the same.

Signature : _____

Name : _____

Designation : _____

Address : _____

Date : _____

Place: _____

Appendix - II

JAKHARIA FABRIC LIMITED

**CODE OF CONDUCT & ETHICS
FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT GROUP**

ANNUAL COMPLIANCE REPORT

To
The Compliance Officer
Jakharia Fabric Limited,
Office No. 1224, Jakharia Compond,
Deoji Nagar, Narpoli Village, Bhiwandi
Thane- 421302, Maharashtra

Dear Sir/Madam,

I undersigned do hereby solemnly affirm that to the best of my knowledge and belief, I have complied with the provisions of the Code of Conduct & Ethics for Board of Directors and Senior Management of Jakharia Fabric Limited during the preceding financial year/period from _____ to _____.

Signature : _____

Name : _____

Designation : _____

DIN, if any : _____

Date : _____

Place: _____