

JUNCTION FABRICS AND APPARELS LIMITED

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING AND FAIR
DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

APPROVED AT THE BOARD MEETING HELD ON 21ST FEBRUARY, 2019

1. INTRODUCTION:

In adherence of the principles of fair disclosure enumerated under Schedule A to the SEBI (Prohibition of Insider trading) Regulations, 2015, which stand further amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred to as "SEBI PIT Regulations"), the Board of Directors of the Company would follow the following practice and procedure for fair disclosure of unpublished price sensitive information

Junction Fabrics and Apparels Limited (Junction) has formulated this code of conduct called JUNCTION CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING ("Code").

All those to whom the Code is applicable are advised to carefully go through and familiarize themselves with and adhere to the Regulations and the Code.

2. COMMENCEMENT:

This code shall come into force as on 1st April, 2019

3. APPLICABILITY:

This code shall be applicable to the following persons:

- 3.1** Promoters of Junction Fabrics and Apparels Limited and their immediate relatives
- 3.2** Directors of Junction Fabrics and Apparels Limited and their immediate relatives
- 3.3** Key Managerial Personnel of Junction Fabrics and Apparels Limited and their immediate relatives
- 3.4** Employees of Junction Fabrics and Apparels Limited and their immediate relatives
- 3.5** Designated Persons

4. DEFINITIONS:

In this code, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meaning as assigned hereunder:-

- 4.1** Compliance Officer means the officer appointed by Junction as Compliance officer pursuant to Regulation 2 of SEBI(Prohibition of Insider Trading) Regulations, 2018
- 4.2** Connected Person has the same meaning as prescribed under Regulation 2 of SEBI(Prohibition of Insider Trading) Regulations, 2018
- 4.3** "Designated Persons" mean and include:
 - 4.3.1** All the Directors of the Company
 - 4.3.2** All the Key Managerial Personnel of the Company
 - 4.3.3** All Employees of Chairman's Office, Vice Chairman and Managing Director's Office

and Deputy Managing Director's Office

- 4.3.4** All employees of the Finance, Legal, Corporate Communications and Secretarial Departments designated as Manager and above
- 4.3.5** All employees irrespective of the designation and grade, as identified and defined as an "insider"
- 4.4** "Insider" means any person who is a connected person or in possession of or having access to unpublished price sensitive information.
- 4.5** Promoter and Promoter group shall have the same meaning assigned to it under SEBI(Issue of Capital and Disclosure Requirements), Regulations 2018 or any modifications thereon
- 4.6** "Regulations" means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- 4.7** "SEBI" means the Securities and Exchange Board of India.
- 4.8** "Securities" mean equity shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of like nature the following securities of Junction, as the case may be, and which are listed / traded on a recognised stock exchange in India
- 4.9** "Trading" means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any securities.
- 4.10** "Trading Window" shall have the meaning ascribed thereto in clause 10 of the Code.
- 4.11** "Unpublished Price Sensitive Information" means any information, which relates directly or indirectly to Junction or its securities, as the case may be, which is not generally available, which upon becoming generally available is likely to materially affect the price of Securities of Junction and without limitation include the following:
- 4.11.1** periodical financial results;
 - 4.11.2** intended declaration of dividends (both interim and final);
 - 4.11.3** change in capital structure
 - 4.11.4** amalgamation, mergers, de-mergers, acquisitions, expansion of business
 - 4.11.5** disposal of the whole or substantial part of the undertaking
 - 4.11.6** changes in key managerial personnel

5. CODE OF PRACTICE AND PROCEDURES FOR FAIR DISCLOSURE OF UPSI:

5.1 DISCLOSURE OF PRICE SENSITIVE INFORMATION

- Unpublished price sensitive information shall be promptly disclosed in the public domain and made generally available as soon as credible and concrete information comes into being for making such information generally available.
- There shall be universal and uniform dissemination of the unpublished price sensitive information in order for it to be accessible to the public at large. There shall be no selective disclosure of unpublished price sensitive information
- In the event of selective disclosure of an unpublished price sensitive information due to inadvertence or otherwise, such unpublished price sensitive information shall be promptly disclosed in the public domain and made generally available.
- Transcripts or records of proceedings of conference calls or earnings calls shall be made available on the website of the Company
- The Company Secretary shall act as the Chief Investor Relations Officer to deal with the dissemination of information and disclosure of unpublished price sensitive information.

5.2 PRESERVATION OF PRICE SENSITIVE INFORMATION

- The Designated Persons shall maintain the confidentiality of all unpublished Price Sensitive Information in their possession.
- The Designated Persons shall not advise, communicate, counsel, inform or pass on such

information to any person, directly or indirectly, other than communication required to be made/done in the ordinary course of business, or under any law.

- No unpublished price sensitive information shall be shared with analysts or research personnel.
- Appropriate response shall be given by the Company to queries on news reports and requests for verification of market rumours by regulatory authorities.
- Unpublished Price Sensitive Information shall be handled on a “need-to-know” basis, i.e., Unpublished Price Sensitive Information should be disclosed only to those within Junction who need the information to discharge their duty and /or functions.

5.3 PREVENTION OF MISUSE OF UNPUBLISHED PRICE SENSITIVE INFORMATION:

Notwithstanding anything contained in the Code, the Designated Persons shall not engage in trading in Securities, whether on their own account, the account of the Immediate Relatives or on Junction’s account, and further shall ensure that their Immediate Relatives shall also not engage in Trading in Securities on their own account, if such Designated Person (or in case of Immediate Relatives, the concerned Immediate Relative) is in possession of any Unpublished Price Sensitive Information.

6. CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

6.1 COMPLIANCE OFFICER

- The Company Secretary shall be the Compliance Officer for the purpose of the Code and will report to the Board of Directors. In the absence of the Company Secretary, any other person as may be designated by the Board of Directors shall be the Compliance Officer for the purpose of the Code.
- The Compliance Officer shall be responsible for compliance of the policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades, pre-clearance of trades, addressing any clarifications / difficulties regarding the Regulations and / or the Code and the implementation of the Code, under the overall supervision of the Board of Directors.
- The Compliance Officer will assist all the designated persons in addressing any clarification regarding SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code.
- The Compliance officer shall maintain a record of all the declarations in the appropriate form given by the designated persons for a minimum period of three years.

7. TRADING WINDOW:

- 7.1** The “Trading Window” for the purpose of this Code shall mean the period during which Trading in Securities is permitted.
- 7.2** Subject to Clause 11 and Clause 12 of the Code, the Designated Persons shall engage in trading in Securities only when the Trading Window is open.
- 7.3** The Trading Window shall, inter alia, be closed at the end of each half year and at any other time as designated by the Compliance Officer if any Unpublished Price Sensitive Information is under active consideration of Junction in terms Clause 5 of the Code.
- 7.4** The Trading Window shall be opened 48 hours after the information relating to the items specified above is made public.

8. PRE-CLEARANCE OF TRADE:

- 8.1** Subject to Clause 9 all Designated Persons who intend to trade in the securities of the Company should obtain pre-clearance for the transaction as per the procedure described hereunder.
- 8.2** Pre-clearance for trades is mandatory for all Designated Persons.
- 8.3** An application in Form I annexed to the Code may be made to the Compliance officer indicating that the Designated Persons intend to deal in the Securities of the Company.
- 8.4** The Designated Person shall execute his/her order in respect of securities of the Company within seven trading days after the pre-clearance is given. If the order is not executed within seven trading days after the pre-clearance is given, such pre-clearance shall lapse and the Designated Person should obtain a fresh pre-clearance.
- 8.5** The Designated Person who trades in the securities of the Company shall not execute a contra or opposite trade during the next six months following the prior transaction.
- 8.6** In case trading in Securities is necessitated by personal emergency of the Designated Person, he may seek waiver of the holding period specified by making an application to the Compliance Officer (or the Chairman and Managing Director, in the case of the Compliance Officer is the Designated Person). The Compliance Officer (or the Chairman and Managing Director, as the case may be) may waive the holding period after recording in writing, the reasons in this regard.

9. TRADING PLANS

- 9.1** A Designated Person may formulate a Trading Plan pursuant to which trades may be carried out on his behalf in accordance with such plan.
- 9.2** The Trading Plan shall be presented to the Compliance Officer for review and approval.
- 9.3** Upon approval, the Compliance Officer shall notify the Trading Plan to the stock exchanges on which the Company is listed.
- 9.4** The Trading Plan shall adhere to the following:
 - It shall entail commencement of trading on behalf of the Designated Person after the expiry of 6 months from the public disclosure of the plan
 - It shall not entail trading for the period between 20 trading days prior to the last day of any financial period for which the financial results (quarterly, half-yearly and annual) are to be declared and 48 hours after the declaration of such financial results.
 - It shall entail trading for a period of at least 12 months
 - It shall not overlap with any existing Trading Plan, i.e. multiple trading plans during the same period is not permitted.
 - It shall set-out either the value of trades to be effected or the number of securities to be traded along with the nature of trade, intervals at or dates on which such trades shall be effected.
- 9.5** The Trading Plan once approved, has to be mandatorily implemented. No deviation from the trading plan or execution of trades outside the scope of trading plan is permitted.

10. REPORTING REQUIREMENTS

10.1 Promoters, Directors and Key Managerial Personnel:

Every promoter, director and key managerial personnel of the Company shall be required to forward to the Compliance Officer, the following details in respect of the Securities held by them and their respective Immediate Relatives:

- 10.1.1** All securities of Junction held by them on appointment as director or key managerial personnel of the Company or upon becoming a promoter of the Company within 7

days thereof in Form B.

- 10.1.2** Half yearly statement of all Securities of Junction held as on March 31 and September 30 of every year within 30 days from close of March 31 and September 30 as the case may be in Form III.

10.2 Designated Persons

All Designated Persons shall be required to forward to the Compliance Officer, the following details in respect of the Securities held by them and their respective Immediate Relatives:

- 10.2.1** All Securities of Junction held on the date of joining Junction within 30 working days from the date of joining in Form B.
- 10.2.2** Half yearly statement of all Securities of Junction held as on March 31 and September 30 of every year within 30 days from close of March 31 and September 30 as the case may be in Form III.

10.3 All Employees

Every promoter, director, employee (including their Immediate Relatives) shall be required to intimate the Compliance Officer in case of any change in Securities of Junction if the value of securities traded, whether in one transaction or a series of transaction over any calendar quarter, exceeds Rs 10 Lakhs within two trading days of such change in Form C.

- 10.3.1** The Compliance Officer shall place before the Audit Committee of the Board of Directors, on a half yearly basis the details of the Trading in Securities by the Designated Persons.

11. PENALTY FOR CONTRAVENTION OF THE CODE:

All the Designated Persons shall be individually responsible for complying with the provisions of the Regulations and the Code to the extent applicable

- 11.1** Any Director who violates the Code shall be subject to disciplinary action, as may be deemed fit by the Board of Directors of Junction. Any Employee who violates the Code shall be subject to disciplinary action, which may include freeze on emoluments or suspension/termination of service/contract, or any other action as may be deemed fit by the Board of Directors.
- 11.2** The action by Junction shall not preclude SEBI from taking any action for violation of the Regulations.

12. INFORMATION TO SEBI IN CASE OF VIOLATION OF THE REGULATIONS

In case any violation of the Regulation or the Code is observed, SEBI shall be informed of the same.