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FLEXITUFF'S  
CODE OF  
CONDUCT TO  
REGULATE,  
MONITOR AND  
REPORT TRADING  
BY INSIDERS

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W.E.F. 1<sup>ST</sup> April, 2019

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## **I. PREAMBLE**

SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, has stipulated formulation of a code of practices and procedures for fair disclosure of unpublished price sensitive information & code of conduct to regulate monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations.

With reference to the above, Flexituff Ventures International Limited (hereinafter referred to as "Flexituff" or the "Company") has adopted the standards in line with the principles mentioned in Schedule A and Schedule B of the said regulations.

## **II. DEFINITIONS**

In this code, unless repugnant to the meaning or context thereof, the following shall have the meaning assigned to them:-

1. "Act" means the Securities and Exchange Board of India Act, 1992.
2. "Board or Board of Directors" means the board of directors of the Company.
3. "Compliance Officer" means the Company Secretary of the Company or any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.
4. "Connected Person" means:-
  - i. any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity

including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

ii. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

(a). an immediate relative of connected persons specified in clause (i); or

(b). a holding company or associate company or subsidiary company; or

(c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or

(d). an investment company, trustee company, asset management company or an employee or director thereof; or

(e). an official of a stock exchange or of clearing house or corporation; or

(f). a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or

(g). a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or

(h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

(i). a banker of the company; or

(j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than 10% of the holding or interest.

5. "Designated Person" means:-

i. Every director of the Company;

- ii. CEO & employees upto two level below the whole-time directors of the Company;
  - iii. All promoters of the company;
  - iv. Every employee in the Secretarial, Taxation, Accounts, Finance, IT & Legal Department irrespective of their roles, designation, etc.
  - v. Any other employee/person as may be determined by the Board from time to time in consultation with the management of the Company;
  - vi. Immediate relatives of all the above persons.
6. "Generally available information" means information that is accessible to the public on a non-discriminatory basis.
7. "Immediate Relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependant financially on such person, or consults such person in taking decisions relating to trading in securities.
8. "'Insider" means any person who is:
  - i. A connected person; or
  - ii. In possession of or having access to unpublished price sensitive information;
9. "Legitimate Purpose" shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.
10. "Promoter" and "Promoter Group" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
11. "Securities" shall have the meaning assigned to it under the Securities

Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

12. "Takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
13. "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
14. "Trading day" means a day on which the recognized stock exchanges are open for trading.
15. "Unpublished Price Sensitive Information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: -
  - i. Financial results
  - ii. Dividends
  - iii. Change in capital structure
  - iv. Mergers, de-mergers, delisting, disposals, and expansion of business and such other transactions;
  - v. Changes in key managerial personnel; and

Words and expressions used and not defined in this Code, but defined in the Act, Regulations, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in such legislations.

### **III. Reporting to Board/Audit Committee**

The Compliance Officer shall report to the Board of Directors and in particular, shall provide reports to the Chairman of the Audit Committee/Board on an annual basis.

#### **IV. Flow of information**

All information shall be handled within the organization on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- i. entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the sharing of such information is in the best interests of the company; or
- ii. not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that such information is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least 2 trading days prior to the proposed transaction being effected in such form as the board of directors may determine to be adequate and fair to cover all relevant and material facts.

However, the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose given above and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

#### **V. Internal Code of Conduct for dealing in securities**

Designated persons and immediate relatives of designated persons shall be governed by the internal code of conduct for dealing in securities. They may execute trades subject to compliance with the Insider Trading regulations.

- i. When the trading window is open, the trading by designated persons shall

- be subject to pre-clearance by the compliance officer, if the value of the proposed trades is more than 5000 shares.
- ii. Compliance Officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He/ She shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
  - iii. The trades shall be executed by the designated person within 7 days from the day on which the trades have been pre-cleared, failing which fresh pre-clearance would be needed for the trades to be executed.
  - iv. The designated person who is permitted to trade shall not execute a contra trade within 6 months. The compliance officer shall be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI.
  - v. Restrictions on contra trade shall not be required for trades carried out as per an approved trading plan or pursuant to exercise of stock options.

## **VI. Trading Plan**

- An insider shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

Such trading plan shall:

- i. not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- ii. not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results.
- iii. entail trading for a period of not less than twelve months;
- iv. not entail overlap of any period for which another trading plan is already in existence.

- v. set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
  - vi. not entail trading in securities for market abuse;
- The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.
  - The implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information.
  - Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed

## **VI. Trading Window**

- i. Trading period, i.e., the trading period of the stock exchange, called 'Trading window', is available for trading in the Company's securities. Trading Window shall be used as an instrument of monitoring trading by designated employees.
- ii. The Trading window shall be closed when the Compliance officer determine a designated person or class of designated employees can reasonably be expected to have possession of unpublished price sensitive information. **Unless otherwise determined, trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results.**
- iii. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed



Trading window shall be closed at the time of:

- a) Declaration of dividend(interim & final)
- b) Declaration of financial results (quarterly, half-yearly and annually)
- c) Issue of securities by way of public/ right/ bonus etc.
- d) Any major expansion plans or execution of new project.
- e) Amalgamation, mergers, takeovers and buy back.
- f) Disposal of whole or substantially whole of the undertaking.
- g) Any changes in policies, plans or operations of the Company.
- h) Such other events or circumstances as may be notified by the Compliance Officer.

Provided that the Insider may prove his innocence by demonstrating the circumstances including the following: -

- (i) That the transaction is an off-market inter-se transfer between Promoters who were in possession of the same Unpublished Price Sensitive Information without being in breach of clause 4 and both parties had made a conscious and informed Trade decision;
- (ii) in the case of non-individual Insiders:
  - (a) that the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking Trading decisions and such decision-making individuals were not in possession of such Unpublished Price Sensitive Information when they took the decision to Trade; and
  - (b) that appropriate and adequate arrangements were in place to ensure that the SEBI Regulations are not violated and no Unpublished Price Sensitive Information was communicated by the individuals possessing the information to the individuals taking Trading decisions and there is no evidence of such arrangements having been breached;
- (iii) the Trades were pursuant to a trading plan as set out in this Code.

Insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information. They shall, while in possession of any Unpublished Price Sensitive Information, neither Trade in the Securities of the Company on the basis of Unpublished Price Sensitive Information nor pass on such information to any person directly or indirectly by way of making a recommendation for Trading in Securities of the Company.

In the case of Connected Persons the onus of establishing, that they were not in possession of Unpublished Price Sensitive Information, shall be on such Connected Persons.

## **VII. Reporting of Transactions**

### **Initial Disclosures**

- i. Every promoter, member of the promoter group, key managerial personnel and director of the Company, within thirty days of these regulations taking effect, shall forward to the Company the details of all holdings in the Company presently held by them including the statement of holdings of dependent family members in the form A.
- ii. Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter or member of the promoter group, shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter within 7 days of such appointment or becoming a promoter.

### **Continual Disclosures**

- i. Every promoter, member of the promoter group, designated person and director of the Company shall disclose to the Company the number of such securities acquired or disposed of within 2 trading days of such transaction, if the value of securities traded, whether in 1 transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10 Lakhs or such other value as may be specified.
- ii. The Company shall notify the particulars of such trading to the Stock Exchanges within 2 trading days of receipt of the disclosure or from becoming aware of such information.
- iii. The Company at its discretion may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company in order to monitor compliance with these regulations.

## **VIII. Mechanism for prevention of insider trading**

### **(a) Internal Controls**

- i. Any person who has access to unpublished price sensitive information pursuant to legitimate purpose shall be considered as insider for the purpose of this code.
- ii. List of all employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreements shall be signed with the parties with whom the Company has shared unpublished price sensitive information.

### **(b) Review**

The Audit Committee of the Company shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

### **(c) Leak of unpublished price sensitive information ("UPSI")**

- i. Any instance of leak of UPSI shall be on the basis of a direct first-hand experience of the Whistle Blower. It should not be based on any secondary, unreliable source or any form of informal communication.
- ii. The Whistle Blower may report leak of UPSI by an email to the Compliance Officer at her e-mail ID mentioning the subject line "Leak of UPSI"
- iii. Appropriate inquiries shall be initiated on becoming aware of leak of UPSI or suspected leak of UPSI
- iv. The Compliance Officer as soon as ascertaining the genuineness of the reporting about leak of UPSI, intimate to Board of Directors and Audit Committee.
- v. The Company shall take further action based on the recommendations of Board and Audit Committee.

### **(d) Chinese Wall**

To prevent the misuse of confidential information, the Company shall follow appropriate Chinese Walls procedures, and processes for permitting the designated person to "cross the wall".

- i. Under the “Chinese Wall” policy, those areas of the Company which routinely have access to confidential information, considered “inside areas” shall be separated from those areas which deals with sales/marketing/operations or other departments providing support services, considered “public areas”.
- ii. The employees in the inside area shall not communicate any price sensitive information to anyone in the public area.
- iii. In exceptional circumstances, designated persons from the public areas may be brought “over the wall” and given confidential information on the basis of “need to know” criteria, under intimation to the compliance officer.

**(e) Structural Digital database**

The Company shall maintain digital database with time stamping and audit trails to ensure non-tampering of the data base containing following information:

- i. Name and PAN of the person/entity (ies) with whom information is shared pursuant to the legitimate purposes.
- ii. Name and PAN of designated person along with their immediate relatives.

**(f) Documents to be shared by Designated Person With Company**

Designated person shall be required to disclose names and PAN or any other identifier authorized by law, of the following persons, to the Company, on an annual basis and as when the information changes:

- a) Immediate Relatives;
- b) Person with whom such designated person(s) share a material financial relationship; &
- c) Phone, mobile and cell number which are used by them.

In addition, the name of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Explanation:- The term material financial relationship shall mean a relationship in which one person is a recipient of any kind of payment such as by way of loan/gift during immediate preceding 12 months, equivalent to at least 25% of

such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.

**(g) Process to be followed in sensitive transaction(s)**

The Compliance Officer shall give prior notice to employee who are brought inside on sensitive transaction(s) and also made aware about the duties and responsibilities attached to receipt of inside information and liability that attaches to misuse or unwarranted use of such information on case to case basis.

**(h) Penalty for Contravention**

- i. Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).
- ii. Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.
- iii. Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans etc.
- iv. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

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