

## **FINOLEX INDUSTRIES LIMITED**

### **CODES OF PRACTICE AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“the Code”)**

In exercise of the powers conferred by section 30 read with clause (g) of sub-section (2) of section 11 and clause (d) and clause (e) of section 12A of the Securities and Exchange Board of India (the SEBI) Act, 1992 (15 of 1992), the SEBI made the regulations i.e. **SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**, (the “Regulations”) to put in place a framework for prohibition of insider trading in securities.

SEBI has vide notification dated 31<sup>st</sup> December, 2018, amended SEBI (Prohibition of Insider Trading) Regulations, 2015 effective from 1<sup>st</sup> April, 2019. As required under the said Regulations, Codes of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“the Code”) has been revised for adoption by the Board of Directors of the Company. The said code shall supersede the earlier Code and shall be effective from 1<sup>st</sup> April, 2019.

As the said Regulations, including the amendments, if any, thereto, are applicable to the Company and its employees, its relatives and connected persons as defined in the said Regulations.

#### **Objective**

The objective of Code is as defined in the said Regulations as specified therein which includes restriction on communication and trading by insider, disclosure of trading by insider and disclosure of price sensitive information from time to time.

#### **Definitions**

Definitions or phrases used in the Code will have same meaning as mentioned in the Regulations or in the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Compliance Officer**

The Board of Directors of the Company have appointed and/or designated the Company Secretary as Compliance officer under the Regulations.

## **Code of practice and procedure for fair disclosure of Unpublished Price Sensitive Information.**

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. Uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. Handling of all unpublished price sensitive information on a need-to-know basis in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
9. **Policy for determination of “Legitimate Purposes”**  
[As per clause 2A of Regulations 3 of SEBI (Prohibition of Insider Trading Regulations, 2015 and any modification(s)/amendment(s) thereto]

The sharing of unpublished price sensitive information shall be deemed to be for “Legitimate Purposes” if it satisfies the following criteria:

- (i) “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 the Regulations.

- (ii) Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered an “insider” for the purpose of the Regulations and due notice shall be given to such person(s) to maintain confidentiality of such unpublished price sensitive information in compliance with the said Regulations. Such person is also required to ensure the confidentiality of unpublished price sensitive information shared with him/her, in compliance with the Regulations.
  - (iii) Unpublished price sensitive information, such as Financial Results, declaration of dividends, proposal of corporate restructuring, diversification, expansion acquisition in the stake of other entities etc. shall be handled within the Company on a need-to-know basis, and the same should be disclosed only to those who need such information to discharge their duties or legal obligations by virtue of their respective role and function, whose possession of such information will not give rise to a conflict of interest or appearance of misuse of such information.
10. A structured digital database shall be maintained containing the names of such persons or entities, as the case may be, with whom information is shared for legitimate purposes along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

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**CODES OF CONDUCT UNDER SEBI (PROHIBITION OF INSIDER TRADING)  
REGULATIONS, 2015 TO REGULATE, MONITOR AND REPORT TRADING BY  
INSIDERS (“the Code of Conduct”)**

1. The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors but not less than once in a year.
2. All information shall be handled within the organisation 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. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to “cross the wall”.
3. Designated persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities. .
4. Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

Trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.

5. The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

6. When the trading window is open, trading by designated persons shall be subject to preclearance by the compliance officer, if the proposed trade is for minimum cumulative threshold of 500 (Five Hundred) equity shares during any calendar quarter. Designated Person who proposes to execute trade in securities of the Company shall submit an application duly filled and signed to the Compliance Officer. The format of application is annexed as Annexure "I".
7. The Compliance Officer shall approve / reject pre-clearance application within four days in Annexure "II".
8. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
9. Designated Person shall execute pre-cleared trade within seven trading days from approval and shall report trade details to Compliance Officer in Annexure "III" within 2 trading days from the trade. In case non-trading, Designated Person shall report about decision of non-trading along with reasons to Compliance Officer in Annexure "III". In case of failure in executing trade within seven trading days, Designated Person shall be required to take fresh pre-clearance for the trades to be executed in Annexure "I".
10. Designated persons shall not execute a contra trade (i.e. an opposite transaction) during the next 6 months following the prior transaction. The compliance officer may 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 Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

11. Necessary forms/formats for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance etc. will be available with the Compliance Officer.
12. Any Designated Person who contravenes the Code of Conduct shall be penalized and shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension etc. 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.

13. The Company shall promptly inform Securities and Exchange Board of India regarding any violation of the Code of Conduct.

### **Disclosure by certain persons and formats for the disclosure**

#### **1. Initial Disclosure**

Every promoter, member of the promoter group, key managerial personnel, director, Designated Person of the company shall disclose his holding of securities to the Company within 30 days in Form A from the Regulations became so effective (i.e. for members of Promoter Group applicable w.e.f. 21<sup>st</sup> January, 2019 and for rest of all applicable w.e.f. 15<sup>th</sup> May, 2015).

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 as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter in Form B.

#### **2. Continual Disclosure**

Every promoter, member of the promoter group, director and Designated Person of the Company shall disclose to the Company the number of such Securities acquired or disposed of within two trading days of such transaction if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10 Lakhs in Form C.

The company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two working days of receipt of the disclosure or from becoming aware of such information.

3. Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:
  - a. immediate relatives
  - b. persons with whom such designated person(s) share a material financial relationship
  - c. phone, mobile and cell numbers which are used by them

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

### **Amendment to the Code**

1. This code is governed under the provisions of the said Regulations. Any dispute between the contents of this Code and Regulations, the provisions of Regulations will be made applicable to the matter. This code shall stand amended in accordance with the amendments in the Regulations from time to time.
2. Any amendment to this code will be in writing duly certified by the Compliance Officer.

### **Approval**

This Code is approved by the Board of Directors of the Company at its meeting held on 6th February, 2015, and amended subsequently at its meeting held on 11<sup>th</sup> August, 2018 and further amended vide circular resolution passed by the Board of Directors on 30<sup>th</sup> March, 2019.

**ANNEXURE - I**

**APPLICATION FOR PRE-CLEARANCE OF TRADES IN SECURITIES OF THE COMPANY**

To,

The Compliance Officer  
Finolex Industries Limited  
D1/10, MIDC, Chinchwad,  
Pune- 411 019

Name of the Insider :

Details of the proposed transaction :

Nature of transaction for which pre-clearance is sought (Buy/Sell)	Type of security	Estimated number of securities to be dealt	Whether the proposed transaction is in own name or in the name of Dependent Family Member (Please mention the name of Dependent Family Member)	Folio no./DP ID & Client ID	Previous approval no., date & nature of transaction (Buy/Sell)
	Equity shares				

Signature

Date

Encl: Undertaking

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FOR OFFICE USE ONLY

INTIMATION OF PRE-CLEARANCE BY COMPLIANCE OFFICER

To,

Your request dated ..... for pre-clearance for purchase/sale of ..... Equity shares/~~preference shares/debentures~~ of the company has been accepted. Please ensure that the transaction for which this pre - clearance is granted is completed within seven days i.e. ....

Kindly note that if you do not execute the approved transaction/deal on or before the above date, you would have to seek fresh pre-clearance.

**Or**

Your request dated ..... for pre-clearance for purchase/sale of ..... Equity shares/~~preference shares/debentures~~ of the company has been rejected.

Reasons, if any, for rejection:

Date of pre - clearance :

Name :

Signature :



**ANNEXURE - II**

**UNDERTAKING FOR PRE-CLEARANCE OF TRADES IN SECURITIES OF THE COMPANY**

Date: \_\_\_\_\_

(to be the same as Request for  
Pre clearance)

To,  
The Compliance Officer  
Finolex Industries Limited  
D1/10, MIDC, Chinchwad,  
Pune- 411 019

I, ....., being an Insider in terms of the Code of Conduct for Prevention of Insider Trading in securities of the Company, hereby undertake that :

- (a) I have no access to Unpublished Price Sensitive Information upto the signing of this undertaking;
- (b) in the event of access to Unpublished Price Sensitive Information after the date of the undertaking but before the execution of the transaction, I shall not deal in the security;
- (c) That I have not contravened the Code of Conduct for Prevention of Insider Trading in the securities as notified by the Company from time to time; and
- (d) I have made full disclosure.
- (e) Further I undertake to submit report on trade within 2 days from date of execution of trade or submit a 'Nil' report if no trade was executed.
- (f) After approval, I shall execute a trade within 7 trading days from of the receipt of approval trade failing which I shall seek pre-clearance again.

(g)

Signature

Name

**ANNEXURE - III**

**CONFIRMATION FOR PRE-CLEARANCE GIVEN**

To,

The Compliance Officer  
Finolex Industries Limited  
D1/10, MIDC, Chinchwad,  
Pune- 411 019

Name of the Insider / Dependent Family Member :

Date of Pre-Clearance :

Details of the transaction made :

Nature of transaction for which pre-clearance sought (Buy/Sell)	Date of transaction	Number of securities dealt with	Consideration (in Rs.)

Further I enclose herewith copy of Contract Note for your ready reference. I hereby undertake to preserve, all the documents pertaining to the said transaction and produce the same whenever required by the Compliance Officer/SEBI.

I declare that the above information is correct and that no provisions of the Company's Code of Conduct for Prevention of Insider Trading in the securities and/or applicable laws/regulations have been contravened for effecting the above said transaction(s).

I also declare that I have complied with the requirements of minimum period of 6 months for entering into an opposite transactions in respect of said Securities.

**Or**

According to approval of pre-clearance dated \_\_\_\_\_, I have not executed a trade / transaction due to \_\_\_\_\_(reason of non-trading).

I will take fresh pre-clearance for trades as and when I propose to trade in Securities of the Company.

Signature

Name

Date:

**FORM A**

**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (a) read with Regulation 6 (2) – Initial disclosure to the company]**

Name of the company: Finolex Industries Limited

ISIN of the company: INE183A01016

**Details of Securities held by Promoter, Member of the Promoter Group, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/ Member of the Promoter Group/KMP/ Directors/immediate relative to/others etc)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of Open Interest (OI) in derivatives of the company held by Promoter, Member of the Promoter Group, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Open Interest of the Future contracts held as on the date of regulation coming into force			Open Interest of the Option Contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
6	7	8	9	10	11

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of Options*

Name & Signature:

Designation:

Date:

Place:

.....

**FORM B**

**SEBI (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a  
director/KMP/Promoter]**

Name of the company: Finolex Industries Limited  
ISIN of the company: INE183A01016

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or Member of the Promoter Group of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/Member of the Promoter Group/ KMP/ Directors/immediate relative to/others etc)	Date of appointment of Director /KMP OR Date of becoming Promoter OR Member of the Promoter Group	Securities held as on the date of regulation coming into force		% of Shareholding
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or Member of the Promoter Group of a listed company and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future contracts held at the time of becoming Promoter or Member of Promoter Group/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter or Member of Promoter Group/appointment of Director/KMP		
Contract Specifications	Number of Units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of Options*

Name & Signature:  
Designation:  
Date:  
Place:



**FORM C**

**SEBI (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]**

Name of the company: Finolex Industries Limited

ISIN of the company: INE183A01016

**Details of change in holding of Securities of Promoter, Member of Promoter Group, Designated Person or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoters/Member of Promoter Group/Designated Person KMP / Directors/ immediate Relative to/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/acquisition of shares/sale of shares specify		Date of Intimation to company	Mode of acquisition / disposal (on market/public/rights/preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/Sale/Pledge / Revoke/ Invoke)	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of trading in derivatives of the company by Promoter, Member of Promoter Group, Designated Person or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.*

Name & Signature:

Designation:

Date:

Place: