

1. INTRODUCTION

The Securities and Exchange Board of India (“the SEBI”) has formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“these Regulations”) on 15th January, 2015 which was effective from 15th May, 2015.

The Insider Trading Regulations prohibits an insider of a Company to deal in the securities of such Company while in possession of any unpublished price sensitive information (“UPSI”). The Insider Trading Regulations also prohibits an insider to ‘communicate, counsel or procure’, whether ‘directly or indirectly’, any UPSI to any person including insiders, who while in possession of such information may ‘deal’ in the securities of the Company listed or proposed to be listed.

This Code of Conduct was first adopted by the Board of Directors w.e.f. 15th May, 2015 pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and subsequently the Board of Directors in its meeting held on 6th March, 2019 has approved and adopted the amended Code of Conduct and renamed it as “Code of Conduct to Regulate, Monitor & Report Trading by Designated Persons and Immediate Relative of Designated Persons” (the “Code of Conduct”) pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

In order to align with the SEBI (Prohibition of Insider Trading) (Second & Third Amendment) Regulations, 2019, the Board of Directors in its meeting held on 11th November, 2019 has further amended the Code of Conduct which shall be effective from 26th December, 2019.

The Designated persons and immediate relatives of designated persons in the company shall be governed by an internal Code of Conduct governing dealing in securities.

2. OBJECTIVE

This Code of Conduct has been prepared by adopting the standards set out in Schedule B of these Regulations in order to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons.

3. DEFINITIONS

- (a) “Act” means the Securities and Exchange Board of India Act, 1992.
- (b) “Board” means the Securities and Exchange Board of India (“SEBI”).
- (c) “Code” or “Code of Conduct” shall mean the code of conduct to regulate, monitor & report trading by designated persons and immediate relative of designated persons of Texel Industries Limited as amended from time to time.
- (d) “Company” means Tirupati Foam Limited (“TFL”).

(e) "Compliance Officer" means any senior officer, designated so and reporting to the board of directors or head of the organization in case board of directors 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 Company or the head of an organization, as the case may be.

*"financially literate" shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

(f) "Connected Person" means:

(i) Any person who is or has during the six months prior to the concerned act been associated with the 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);

(b) A holding company or associate company or subsidiary company;

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

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

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

(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;

(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;

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

(i) A banker of the Company;

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

(g) "Dealing in Securities" means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.

(h) "Designated Persons" means

(i) Members of the Board of Directors;

(ii) CEO, Company Secretary, CFO;

(iii) Auditors of Texel;

(iv) All employees of the Accounts, Finance, Legal & Secretarial Department of Texel;

(v) CFOs & CEOs and CSs of the Holding Company, Subsidiary Company and Associate Company* and Joint Venture;

(vi) Head of Internal Audit Department, Legal Department;

- (vii) Secretaries/Executive Assistants reporting to the Chairman or the Managing Director/Whole Time Director/CFO/CS;
- (viii) All Departmental Heads of the Company;
- (ix) Employees of other Departments/ Divisions on a case-to-case basis, who could be reasonably expected to have access to unpublished price sensitive information(s) relating to the Company, to be decided by the Chairman/Managing Director/Whole-Time Director/ Compliance Officer/Chief Financial Officer, on a case-to-case basis; and
- (x) Employees of material subsidiaries of the Company designated on the basis of their functional role or who could be reasonably expected to have access to unpublished price sensitive information in the organization by their board of directors;
- (xi) All Promoters and Members of the Promoter Group of the Company;
- (xii) Employees up to two levels below Chief Executive Officer/ Chief Financial Officer of the Company and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;
- (xiii) Any support staff of the Company, such as IT staff or secretarial staff who have access to unpublished price sensitive information;
- (xiv) Any Person who is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm's length transactions;
- (xv) Such other persons as may be identified by the Compliance Officer.

*Associate Company means a company in which TFL has a significant influence, but which is not a subsidiary company of Texel having such influence and includes a joint venture company.

(i) "Director" means the Board of Directors of the Company.

(j) "Employee" means any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under these regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

(k) "Generally available Information" means information that is accessible to the public on a non-discriminatory basis.

(l) "Immediate Relatives" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.

(m) "Informant" means an individual(s), who voluntarily submits to the Board a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward.

(n) "Insider" means any person who,

(i) is a connected person; or

(ii) is in possession of or having access to unpublished price sensitive information.

(o) "Insider trading laws" means the following provisions of securities laws:-

i. Section 15G of the Act;

ii. regulation 3 of these regulations;

iii. regulation 4 of these regulations;
iv. regulation 5 of these regulations; and
v. regulation 9 or regulation 9A of these regulations, in so far as they pertain to trading or communication of unpublished price sensitive information.

(p) “Irrelevant, vexatious and frivolous information” includes, reporting of information which in the opinion of the Board:-

(i) does not constitute a violation of insider trading laws; or
(ii) is rendered solely for the purposes of malicious prosecution; or
(iii) is rendered intentionally in an effort to waste the time and resource of the Board.

(q) “Key Managerial Person” shall have the same meaning assigned to it under the Companies Act, 2013.

(r) “Material Financial Relationship” means a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person, but shall exclude relationships in which the payment is based on arm’s length transactions.”

(s) “Original Information” means any relevant information submitted in accordance with these regulations pertaining to any violation of insider trading laws that is:-

(i) derived from the independent knowledge and analysis of the Informant;
(ii) not known to the Board from any other source, except where the Informant is the original source of the information;

(iii) is sufficiently specific, credible and timely to –

(1) commence an examination or inquiry or audit,
(2) assist in an ongoing examination or investigation or inquiry or audit,
(3) open or re-open an investigation or inquiry, or
(4) inquire into a different conduct as part of an ongoing examination or investigation or inquiry or audit directed by the Board;

(iv) not exclusively derived from an allegation made in a judicial or administrative hearing, in a Governmental report, hearing, audit, or investigation, or from the news media, except where the Informant is the original source of the information; and

(v) not irrelevant or frivolous or vexatious.

Explanation. –Information which does not in the opinion of the Board add to the information already possessed by the Board is not original information.

(t) "Promoter" 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.

(u) “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.

(v) “Proposed to be listed” shall include securities of an unlisted company:

(i) if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or

(ii) if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013.

(w) “Regulations” shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

(x) “Reward” means any gratuitous monetary amount for which an Informant is declared eligible as per the provisions of these regulations.

(y) "Securities laws" means the Act, the Securities Contract (Regulations) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), the relevant provisions of any other law to the extent it is administered by the Board and the relevant rules and regulations made thereunder.

(z) "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.

(aa) "Takeover Regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.

(ab) "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

(ac) "Trading Day" means a day on which the recognized stock exchanges are open for trading.

(ad) "Threshold limit" means the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregating to a traded value in excess of Rupees Ten Lakhs. (ae) "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, acquisitions, delisting, disposals and expansion of business and such other transactions;

(v) Changes in key managerial personnel.

(af) "Voluntarily providing information" means providing the Board with information before receiving any request, inquiry, or demand from the Board, any other Central or State authorities or other statutory authority about a matter, to which the information is relevant.

Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

4. ROLE OF COMPLIANCE OFFICER

The Compliance Officer shall report on insider trading to the Board of Directors of the Company 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.

The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct.

5. INFORMATION ON A NEED TO KNOW BASIS & CHINESE WALL PROCEDURES

All information shall be handled within the Company on a need-to-know basis and no Unpublished Price Sensitive Information ("UPSI") shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of his legal obligations.

To prevent the misuse of confidential information / UPSI, the Company has laid down Chinese Walls procedures which separate those areas of Company that routinely have access to confidential

information, considered "inside areas" from those which deal with sales/marketing or other departments providing support services, considered "public areas"

1. The employees in the inside area shall not communicate any UPSI to anyone in public area.
2. The employees in inside area shall be physically segregated from employees in public area.
3. The Company shall have process of maintaining securely, computer files containing confidential information / UPSI and physical storage of documents relating to UPSI.
4. All the UPSI is to be handled on a "need to know basis", i.e., UPSI should be disclosed only to those within Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. All the non-public information directly received by any employee should immediately be reported to the head of the department. In exceptional circumstances, employees 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.
5. Intimation of duties and responsibilities and the liability to the person(s) who has/have been brought inside on sensitive transaction(s):-

Any person(s) who has/have been brought inside on any proposed and/or ongoing sensitive transaction(s) and in receipt of UPSI shall be considered an "insider" for purposes of this Code and due notice shall be given to such persons by the Compliance Officer;

- (i) to make aware such person that the information shared is or would be confidential;
- (ii) to instruct such person to maintain confidentiality of such UPSI in compliance with these regulations;
- (iii) to make aware to such person the duties and responsibilities attached to the receipt of such UPSI and the liability attached to misuse or unwarranted use of such information.

6. COMMUNICATION OR PROCUREMENT OF UPSI

UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:-

- a. 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 interest of the Company; or
- b. Not attracting 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 sharing of such information is in the best interest of the Company and the information that constitute UPSI is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine.

However, the Board of Directors shall require the parties to execute agreements/memorandum of understanding to ensure confidentiality and non-disclosure obligations on the part of such parties and parties shall keep information so received confidential, except for the purpose mentioned above in (a) and (b) and shall not otherwise trade in securities of the Company when in possession of UPSI.

7. LIMITED ACCESS TO CONFIDENTIAL INFORMATION

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

8. PREVENTION OF MISUSE OF “UPSI”

(1) No insider shall trade in the securities of the Company when in possession of UPSI. Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

I. In case of Individual Insiders:-

(i) the transaction is an off-market inter-se transfer between insiders who were in possession of UPSI without being in breach of regulation 3 of these Regulations and both parties had made a conscious and informed trade decision;

Provided that such UPSI was not obtained under sub-regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. The company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information;

(ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the UPSI without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such UPSI was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations;

(iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction;

(iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations;

(v) the trades were pursuant to a trading plan set up in accordance with Clause 9 hereunder.

II. In case of Non-Individual Insiders:-

(a) the individuals who were in possession of such UPSI were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such UPSI when they took the decision to trade;

(b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no UPSI 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; and

(c) the trades were pursuant to a trading plan set up in accordance with Clause 9 hereunder.

III. In the case of connected persons, the onus of establishing that they were not in possession of UPSI, shall be on such connected persons and in other cases, the onus would be on the Board.

IV. The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

9. TRADING PLANS

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

a. Such Trading Plan shall:

- (i) Not entail commencement of trading on behalf of the insider earlier than six (6) months from the public disclosure of the plan;
- (ii) Not entail trading for the period between the twentieth (20) 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 (2) trading day after the disclosure of such financial results;
- (iii) Entail trading for a period of not less than twelve (12) 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.

b. The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

c. 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.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation of trading plan. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

d. Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

10. (a) TRADING WINDOW AND WINDOW CLOSURE

(i) The trading period, i.e. the trading periods of the stock exchanges, called “trading window”, is available for trading in the Company’s securities.

(ii) The trading window shall be, inter alia, closed seven (7) days prior to and during the time the UPSI is published. However, in any case, the trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

(iii) When the trading window is closed, the designated persons and their immediate relatives shall not trade in the Company's securities in such period.

(iv) All Designated persons and their immediate relatives shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when the trading window is closed, as referred to in Point No. (ii) above or during any other period as may be specified by the Company from time to time.

(v) In case of ESOPs (if any), exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading is closed.

(b) The Compliance Officer shall intimate the closure of trading window to all the designated persons of the Company when he/she determines that a designated person or class of designated persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such securities to which such UPSI relates.

(c) The Compliance Officer after taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight (48) hours after the information becomes generally available.

(d) The trading window restrictions mentioned in sub-para (1) of Para 8 above shall not apply in respect of –

(i) transactions specified in clauses (i) to (v) of the proviso I. to sub-para (1) of Para 8 above and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board;

(ii) transactions which are undertaken in accordance with respective regulations made by the Board such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer.

11. PRE-CLEARANCE OF TRADES

(a) All designated persons, who intend to trade in the Company's securities should obtain pre-clearance from the Compliance Officer, if the value of the proposed trades exceed the threshold limit.

(b) Applications seeking pre-clearance should be made in the prescribed form to the Compliance Officer attached with this Code as **Annexure- 1**.

(c) An undertaking in the prescribed form attached with this Code as **Annexure-2** shall be executed in favor of the Company by such designated persons incorporating, inter alia, the following clauses, as may be applicable:

(ci) That the employee/director/officer does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.

(cii) That in case the designated persons has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the

Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.

(ciii) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.

(civ) That he/she has made a full and true disclosure in the matter.

(d) All Designated persons shall execute their order in respect of securities of the Company within Seven (7) trading days after the approval of pre-clearance is given by the Compliance Officer in prescribed form attached with this Code as **Annexure-3**.

(e) If the trade is not executed within the period stipulated as aforesaid, the designated persons must obtain a fresh pre-clearance.

(f) The Designated persons shall file within two (2) days of the execution of the transaction submit the details of such transaction with the Compliance Officer in the prescribed form attached with this Code as **Annexure-4**. In case the transaction is not undertaken, a report to that effect shall be filed in the same form stating that no shares were bought nor the transaction was undertaken.

12. MINIMUM HOLDING PERIOD AND NO OPPOSITE TRANSACTION FOR SIX MONTHS

(a) All Designated Persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six (6) months following the prior transaction. All Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time. In case of any contra trade is 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 Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act provided that this shall not be applicable for trades pursuant to exercise of stock options. In case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of Thirty (30) Days. The holding period would commence when the securities are actually allotted.

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

(b) The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.

13. DIGITAL DATABASE OF PERSONS WITH WHOM UPSI IS SHARED

The Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

14. INTERNAL CONTROL SYSTEM

The Chief Executive Officer / Managing Director / Compliance Officer of Texel shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in this Code and the SEBI PIT Regulations to prevent insider trading including:

- a. all employees who have access to UPSI are identified as Designated Person; b. all the UPSI shall be identified and its confidentiality shall be maintained as per the requirements of these Regulations;
- c. adequate restrictions shall be placed on communication or procurement of UPSI as required by these regulations;
- d. lists of all employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- e. all other relevant requirements specified under these regulations shall be complied with;
- f. periodic process review to evaluate effectiveness of such internal controls.

The Board of Directors of TFL shall ensure that the Chief Executive Officer or Managing Director or Compliance Officer ensures compliance with regulation 9 and 9A (1) & (2) of these regulations.

15. POLICY FOR INQUIRY IN CASE OF LEAKAGE OF UPSI

Pursuant to Regulation 9(A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board of Directors of Texel Industries Limited ("the Company") has formulated policy & procedure for initiating appropriate inquiries on becoming aware of leak/suspected leak of unpublished price sensitive information ("UPSI") and to inform the Board promptly of such leaks, inquiries and results of such inquiries.

The Policy reads as follows:

i. Objective:

- (a) To strengthen the internal control system of the company to prevent leak of UPSI.
- (b) To restrict and prohibit the practice of sharing of UPSI, with the un-authorized person, which originates from within the company and which affects the market price of the Company as well as loss of reputation and investors' / financiers' confidence in the company.
- (c) To have a uniform code to curb the un-ethical practices of sharing UPSI by Insiders, Employee & Designated Persons with any person, firm, Company or Body Corporate.
- (d) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and inform the same to the Securities and Exchange Board of India ("SEBI") promptly.
- (e) To penalize any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy.

ii. Scope:

To preserve the confidentiality of UPSI and to prevent misuse of such information, the Company has formulated a policy which restrict and prohibits any authorized person to share any UPSI to any

unauthorized person whether know or unknown person which affects the market price of the Company as well as causes loss of reputation and investors' / financiers' confidence in the Company.

iii. Definitions:

(a) Leak of UPSI shall mean communication of information which is / shall be UPSI by any Insider, Employee & Designated Persons or any other known or unknown person to any person other than a person(s) authorized by the Board after following the due process prescribed in this behalf in the Code of Practices Fair Disclosure of the Company and /or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Prohibition of Insider Trading) Regulations, 2015 and any amendment, re-amendment or re-enactment thereto.

(b) Compliance Officer means a person as defined in the Code.

(c) Support Staff shall include IT Staff or Secretarial Staff who have access to UPSI.

(d) Suspect means the person or persons against or in relation to whom an inquiry is initiated in case of leak or suspected leak of UPSI.

Note: Words and expressions used and not defined in these policy but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made there under shall have the meanings respectively assigned to them in those legislation.

16. PROCEDURE FOR INQUIRY IN CASE OF LEAKAGE OF UPSI

The Managing Director (MD) or Chief Financial Officer (CFO) or Compliance Officer may on becoming aware suomotu or otherwise, of actual or suspected leak of UPSI of the Company by any promoter, director, key managerial person, Insider, employee, designated person, support staff or any other known or un-known person, shall follow the below mentioned procedure in order to inquire and/or investigate the matter.

a) Preliminary Inquiry

The object of preliminary inquiry is fact-finding, to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to initiate further investigation/inquiry and if there is no source/ information found then in the preliminary inquiry then the matter should not be taken further for investigation/inquiry.

b) Investigation/ Inquiry

If further investigation/ inquiry is required then MD or CFO or Compliance Officer any one of them by mutual understanding shall write to the complainee intimating the details of the complaint received and requesting him to give a written representation within 7 (seven) working days of receipt of letter.

If no representation is received within the aforesaid stipulated time, they shall issue notice to the complainee asking him to show cause as to why the Company should not initiate disciplinary proceedings, as applicable, against him.

Within 7 (seven) working days of receipt of representation, MD or CFO or Compliance officer shall proceed to investigate in the matter and for such purpose may consult such persons, whether internal or otherwise or obtain such external assistance or opinion, as they may deem expedient in this regard. During the course of such investigation, they may call for such additional documents, representations, etc. as they may deem fit.

c) Report to Audit Committee

On completion of the investigation, receipt of reply to the show cause notice issued or on non-receipt thereof, MD or CFO or Compliance Officer shall refer the matter to the Audit Committee.

d) Report to Board of Directors

The Audit Committee shall consider the matter and put forward its recommendation to the Board of Directors. The Board of Directors, on receipt of such recommendation and after due review, if it forms an opinion that the complainee is guilty of leakage of UPSI or suspected leakage of UPSI, then it will order for necessary disciplinary proceedings of the company, which will be in addition to the penal provisions stated under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and any other statutory enactments, as applicable.

17. OTHER PROVISIONS

☑ The Company suomotu reserves the right of initiating an inquiry under this Code against any designated person if it has reasons to believe that such person has leaked UPSI or suspected to leak UPSI.

☑ The Board of Directors shall have the power to amend any of the provisions of this Code, substitute any of the provisions with a new provision and also replace this Code entirely with a new Code.

18. OTHER RESTRICTIONS

1. The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

2. The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.

3. The disclosures made under this Code shall be maintained for a period of five (5) years.

19. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

1. Initial Disclosure:

(i) Every promoter, member of the promoter group, Key Managerial Personnel and Director of the Company shall within thirty (30) days of these regulations taking effect, shall disclose to the Company the details of his holdings in securities of the Company presently held by them including the statement of holdings of immediate relatives in the prescribed form attached with this Code as 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, to the Company within seven (7) days of such appointment or becoming a promoter in the prescribed form attached with this Code as Form B.

2. Continual Disclosure:

(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) 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 Rupees Ten (10) Lakhs or such other value as may be prescribed.

(ii) The disclosure shall be made within two (2) trading days as per the prescribed Form C attached with this Code of:

- a. the receipt of intimation of allotment of shares, or
- b. the acquisition or sale of shares or voting rights, as the case may be.

3. The Compliance Officer at his/her discretion may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of Company as and when he/she deems fit in order to monitor compliance with these Regulations in the prescribed Form D attached with this Code (as prescribed or amended by SEBI, from time to time).

4. The Compliance Officer at his/her discretion may require Annual Statement of Holdings by Promoters/ Member of the Promoter Group/ Directors/ Key Managerial Personnel/ Designated Persons and other such persons as mentioned in Regulation 6(2) of these regulation within 30 days from the end each financial year as per the prescribed Form E attached with this Code.

5. Disclosure by the Company to the Stock Exchange(s):

(i) Within Two (2) trading days of the receipt of intimation under Clause 19.2, the Compliance Officer shall disclose to all the Stock Exchanges on which the Company is listed, the information so received.

(ii) The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors, promoter, member of the promoter group, KMP and designated person for a minimum period of five (5) years.

20. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT

1. 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 immediate relatives).

2. 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.

3. Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include salary freeze, suspension, ineligibility for future participation in employee stock option plans, recovery, claw back etc.

4. The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

5. In addition to the action which may be taken by the Company, the persons violating the Regulations or this Code shall also be subject to action under SEBI Act.

21. SEBI Informant Mechanism (Pursuant to SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations 2019)

A. Informant Mechanism ("the said Mechanism")

Any informant can voluntarily submit original information relating to alleged violation of the insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, to the Office of Informant Protection of SEBI in the format and manner set out in Schedule D of the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019.

B. Protection against retaliation and Victimization of Informant

Any Informant ("the said person") who submits original information relating to alleged violation of insider trading laws, the said person will be protected against any adverse action and/or discrimination as a result of a reporting to SEBI under the said Mechanism, provided it is justified and made in good faith. The organization is forbidden from taking any adverse action against the said person for exercising his/her right as above.

Adverse action is defined as:

Discharge

Termination of service

- ☐ Demotion
- ☐ Suspension
- ☐ Threat
- ☐ Harassment
- ☐ Discrimination against any employee

This Code of Conduct has been approved and adopted by the Board of Directors of the Company in its meeting it shall be hosted on the website of the Company viz. www.tirupatifoam.com.

