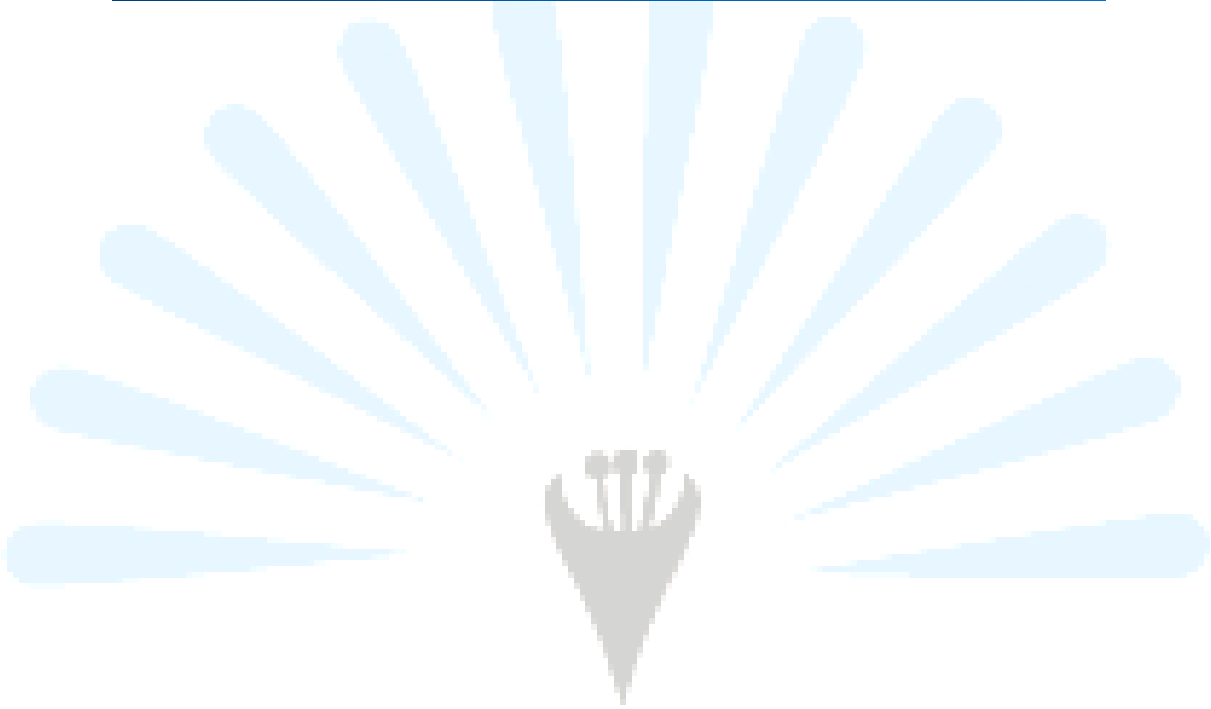




VISHAL FABRICS LIMITED



CODE

FOR

***INSIDER TRADING AND FAIR
DISCLOSURE***

Last Updated on March 30, 2019

INTRODUCTION

Pursuant to the regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, it is mandatory for every listed Company to formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations.

This Policy has been formulated and approved by the Board of Directors. This policy shall act as a guideline for preserving the 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.

OBJECTIVE

Vishal Fabrics Limited endeavors to preserve confidentiality and prevent the misuse of un-published price sensitive information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all the applicable laws and regulations. Every Director, Officer, Designated Employee and connected person of the Company has a duty to safeguard confidentiality of all such information which he/ she obtained in the course of performance of official duties. Directors, Officers, Designated Employee of the Company should not use their position to gain personal benefit. To achieve these objectives, the Company hereby notifies this Code of Conduct.

DEFINITIONS

1. **“Act”** means the Securities and Exchange Board of India Act, 1992;
2. **“Code”** or **“Code of Conduct”** shall mean the Code of Internal Procedures and Code of Conduct for Regulating, Monitoring and Reporting of trading by Insiders of Vishal Fabrics Limited as amended from time to time;
3. **“Compliance Officer”** means Company Secretary of the Company or any other person who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations.
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 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 ten percent of the holding or interest;

5. **“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 dependent financially

on such person, or consults such person in taking decisions relating to trading in securities;

6. “Designated Employee(s)” shall include:

All employees who have access to unpublished price sensitive information and other employee as may be determined and informed by the Compliance Officer from time to time.

7. “Designated Persons(s)” shall mean:

- (i) Directors of the Company;
- (ii) Key Managerial Personnel of the Company;
- (iii) All Employees who are working for common interest of the promoter or promoter group;
- (iv) Executive Secretaries / Assistant to the Directors of the Company;
- (v) Permanent invitee(s) to the Board and / or Committee Meetings of the Company;
- (vi) Promoters and member of the Promoter Group of the Company;
- (vii) Directors, CEO and senior management employees (two level below CEO) of holding and subsidiary company of the Company;
- (viii) Such other persons as may be notified by the Compliance Officer from time to time who may be or may have possession of Unpublished Price Sensitive Information.

8. “Digital Database” means a platform maintained in electronic form to store such information as per provisions of the Regulations;

9. “Trading Window” means a trading period for trading in Company’s securities as specified by the Company from time to time.

10. “Unpublished Price Sensitive Information” means any information relating to the securities of the Company, 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;

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

12. "Trading Day" means a day on which the recognized stock exchanges are open for trading;

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

14. "Material Financial Relationship" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve 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.

CODE OF FAIR DISCLOSURE

The company will adhere to the following principles so as to ensure fair disclosure of events and occurrence that could impact price discovery in the market for its securities:

- I. The Company will make 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. The Company may, in appropriate circumstances, also simultaneously disclose the unpublished price sensitive information in such manner as it deems fit including on the Company's website, print or electronic media.
- II. The Company will make, uniform and universal dissemination of unpublished price sensitive information to avoid selective / speculative disclosure which could have an adverse impact on the market and the price discovery process.

- III. The Compliance Officer of the Company shall act as the Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information and information / disclosure may normally be approved by the Compliance Officer and if the information is accidentally disclosed without prior approval of Compliance Officer, the person responsible shall inform the Compliance Officer immediately and 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.
- IV. The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- V. The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
- VI. The Company will ensure that information, if shared, with analysts and research personnel are not unpublished price sensitive information.
- VII. The Company will develop 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.
- VIII. The Company will disclose all unpublished price sensitive information on a need-to-know basis i.e. Unpublished Price Sensitive Information may be disclosed where such disclosure is in furtherance of legitimate purposes, discharge of legal obligations or to those within the 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 such information.

POLICY ON DETERMINATION OF LEGITIMATE PURPOSES

The sharing of UPSI shall be deemed to be for “Legitimate Purpose” if it satisfied the following criteria:

1. The term “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.

2. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
3. The information shall be shared with any person on “need to know” basis.
4. Insiders shall share the unpublished price sensitive information with the external agencies only in the interest of the Company and/or in compliance with the requirements of the law.
5. Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these SEBI (Prohibition of Insider Trading) Regulations, 2018.

REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

Initial Disclosure

- a) Every promoter/ Key Managerial Personnel / Director / Officers / Designated Employees of the Company, within thirty days of these regulations taking effect and at the end of every financial year, shall forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the prescribed **Form A**. You can refer Form D format on below link :
https://www.bseindia.com/downloads1/Revised_Format_PIT2015.pdf
- b) Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose his holding of securities of the Company in the prescribed **Form B**, as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter. You can refer Form B format on below link :
https://www.bseindia.com/downloads1/Revised_Format_PIT2015.pdf

Continual Disclosure:

- c) Every promoter, employee, director and Designated Persons 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.10,00,000/- (Rupees Ten Lakhs) in the prescribed **Form C**. You can refer Form C format on below link :

https://www.bseindia.com/downloads1/Revised_Format_PIT2015.pdf

The disclosure shall be made within 2 working days 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.

DISCLOSURE BY THE COMPANY TO THE STOCK EXCHANGE(S)

- d) Within 2 days of the receipt of intimation under continual disclosure, the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received) in the prescribed **Form D**. You can refer Form D format on below link :

https://www.bseindia.com/downloads1/Revised_Format_PIT2015.pdf

- b) The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors / officers / designated employees for a minimum period of five years.

Trading Window

1. Other than the period(s) for which the Trading Window is closed as prescribed hereunder, the same shall remain open for Trading in the Securities of the Company.
2. 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.

3. The Trading Window shall be re-opened 48 (Forty-Eight) hours after the information referred to above becomes generally available.
4. All the Designated Persons shall strictly conduct all their Trading in the Securities of the Company only when the Trading Window is open and no Designated Person shall trade in the Securities of the Company during the period the Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time to-time.
5. 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.

TRADING PLAN

An Insider shall be entitled to formulate a trading plan for Trading 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.

The designated person 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 as per conditions and restrictions specified under the Regulations.

The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

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. 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.

Provided that pre-clearance of trades shall not be required for any trades in accordance with the trading plan once trading plan has been approved by the compliance officer.

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with the trading plan approved by the compliance officer.

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

Preclearance of Trade:

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.

The trades that have been pre-cleared have to be executed within seven trading days by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

Contra Trade:

A designated person shall not be permitted to execute a contra trade for six months. 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

PRESERVATION OF PRICE SENSITIVE INFORMATION

- a. All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.
- b. Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails: -
 - 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 proposed transaction is in the best interests of the Company; or
 - 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 the proposed transaction 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 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 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.
- c. Need to Know:
 - (i) "need to know" basis means that Unpublished Price Sensitive Information should be disclosed only to those within the 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 .

- (ii) All non-public information directly received by any employee should immediately be reported to the head of the department.
- d. Limited access to confidential information: Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

Maintenance of Digital Database of recipient of UPSI:

The Company shall be responsible to maintain a structured digital database of such persons or entities as the case may be with whom information is shared under this regulation, which shall contain the following information;

- (i) Name of such recipient of UPSI;
- (ii) Name of the Organization or entity to whom the recipient represent
- (iii) Postal Address and E-mail ID of such recipient
- (iv) Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

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) shares 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 persons have graduated and names of their past employers shall also be disclosed on a one time basis.

PENALTY

- Every Insider shall be individually responsible for complying with the provisions of the Insider Trading Regulations and the Code to the extent applicable.
- Any violation under this Code shall attract serious disciplinary action by the Company.
- The action by the Company will be taken as per SEBI Regulations of Insider Trading.

AMENDMENTS

In Case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc., shall prevail upon the provisions hereunder.

