

Voith Paper Fabrics India Limited

Code of Conduct to Regulate, Monitor & Report Trading by Designated Persons and their Immediate Relatives (Code/Insider Trading Policy)

Preamble

Board of Directors of Voith Paper Fabrics India Limited ("Company") has formulated this Code of Conduct to Regulate, Monitor & Report Trading by Designated Persons and their immediate relatives ('Code/Insider Trading Policy') in pursuance of the requirements of Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - as amended from time-to-time ('SEBI PIT Regulations').

Interpretations

Unless the context otherwise requires, words or expressions - such as Unpublished Price Sensitive Information (UPSI); Insider; Designated Persons (DPs); Immediate Relatives, etc. used in this Insider Trading Policy - shall have the same meaning as specified in 'SEBI PIT Regulations', and as may be amended from time-to-time.

Legitimate Purpose shall mean, sharing of UPSI in the ordinary course of business by an Insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the provisions of 'SEBI PIT Regulations'.

The Company Secretary of the Company shall be the Compliance Officer, to regulate, monitor & report trading in shares of the Company by DPs and their immediate relatives.

Code

I. Report by Compliance Officer

- For the purpose of administering the provisions of this Code, the Compliance Officer would submit a report affirming the status of implementation of the Code in

the Company, either to the Chairperson of Audit Committee or to the Chairperson of the Board of Directors on an annual basis, or at such other intervals as may be specified in the 'SEBI PIT Regulations'.

- The Compliance Officer shall assist all employees in addressing any clarifications regarding interpretation and/or compliance with any provision of the Code of Conduct.

II. Protection and communication of Price Sensitive Information

- All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- The Company shall take adequate security control measures for the safe storing and transmission of unpublished price sensitive information.
- No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or security, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- Compliance Officer as appointed under Sub-regulation (1) of Regulation 9 of the Regulations shall be responsible for formulation and implementation of a process for how and when people are brought 'inside' on sensitive transactions. The company shall ensure that individuals are made aware of the duties and responsibilities attached to the receipt of Inside Information, and

the liability that attaches to misuse or unwarranted use of such information.

III. Chinese Wall & Crossing Wall

1. Chinese Wall

To prevent the misuse of unpublished price sensitive information, the Company has adopted following norms for 'Chinese Wall' procedures which separates those departments which routinely have access to UPSI, considered as 'Inside Area' from those departments which deal with sale/marketing or other departments providing support services, considered as 'Public Areas':

- a) The employees working within an 'Insider Area' are prohibited from communicating any confidential or inside information to employees in 'Public Areas' without the prior approval of the Compliance Officer.
- b) Employees within Chinese Walls have a responsibility to ensure that the Chinese Wall is not breached deliberately or inadvertently. Known or suspected breaches of the Chinese Wall must be referred to the Compliance Officer immediately.
- c) The Employees in the inside area may be physically separated from the Employees in public area.
- d) The demarcation of various departments as 'Inside Area' shall be determined by the Compliance Officers in consultation with the Managing Director (MD).

2. Crossing the Wall

- a) If an employee/outsider receives any UPSI from the 'Inside Area' of the Company, it is treated that the said employee or outsider has 'Crossed the Wall'. Pursuant to 'Crossing the Wall', the concerned employee too becomes an 'Insider' and shall be subject to all restrictions and prohibitions as

required under this Code of Conduct, Regulations and policies relating to Chinese Walls. Such employees shall cease to be temporary 'Insider' when the UPSI becomes generally available to all.

- b) If any employee from 'Public Area' crosses the 'Wall' to an 'Inside Area', the same should be immediately reported to the Compliance Officer. The Compliance Officer shall ensure that all restrictions relating to the protection of UPSI are imposed on such employees.
- c) The Compliance Officer - when satisfied that UPSI is generally available - may lift the restrictions imposed on such employees.

IV. Trades by Designated Persons and their Immediate Relatives

- Trades by DPs and their Immediate Relatives shall be in accordance with and in compliance with the conditions enumerated in this Code.
- Compliance Officer shall use Notional Trading Window as an instrument for monitoring the trading/dealing in securities by the DPs and their Immediate Relatives.
- The Trading Window shall be closed when the Compliance Officer determines that a DP or class of DPs can reasonably be expected to have possession of UPSI.
- Period of closure of Trading Window for Insiders/DPs shall be in accordance with the applicable provisions contained in the 'SEBI PIT Regulations'.
- DPs and their Immediate Relatives shall not trade in shares of the Company when the Trading Window is closed.
- The gap between review and adoption of financials by the Audit Committee and the Board of Directors should be as narrow as possible and preferably on the same day to avoid leakage of material information.

- A DP and his/her Immediate Relatives shall not trade in shares of the Company when the concerned DP is in possession of UPSI, even if Trading Window is open.
- DPs, their Immediate Relatives and the people mentioned in Sub-regulation (4) of Regulation 9 of the 'SEBI PIT Regulations' shall be governed by this Code of Conduct governing dealing in securities of the Company. In case such person defaults or deals in the securities in breach of this Code or provisions of SEBI PIT Regulations, the DP shall be accountable for their conduct & responsibility under this Code/SEBI PIT Regulations.

Provided that, for an UPSI not emanating from within the Company, Trading Window may not be closed.

V. Reopening of Trading Window

- The Trading Window shall remain closed from the end of every quarter till 48 hours after the declaration of financial results.
- Trading Window would reopen 48 hours after UPSI is made accessible to public on non-discriminatory basis.
- 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, shall determine the timing for re-opening of the trading window which in any event shall not be earlier than forty-eight hours after the information becomes generally available.
- Trading Window restrictions shall not be applicable in respect of following transactions:
 - a) transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 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;

- b) 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 or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time].

The provisions pertaining to closing & opening of trading window shall also be applicable to persons having contractual or fiduciary relation with company such as, Auditors, Accountancy Firms, Law Firms, Analysts, etc. Also, such people shall make necessary arrangements (such as, establishing a structured digital database) at their end for protection of UPSI shared with them for Legitimate Purpose.

VI. Pre-clearance

- For trading by designated persons when trading window is open, pre-clearance from the Compliance Officer shall be obtained, when value of such trade(s) – either single or more than one in any calendar quarter; whether to buy or sell, is equal to or more than INR One million. The person concerned shall make the requisite disclosures within 2 trading days of reaching the said threshold limit of INR One million.
- Compliance Officer shall be entitled to seek a declaration from the applicant to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information before approving the trade.
- Time limit for executing pre-cleared trades in any event shall not be more than 7 Trading days from the date of such pre-clearance. If a DP fails to

execute the trade within such time, he shall obtain a fresh pre-clearance from the Compliance Officer.

- Compliance Officer shall obtain pre-clearance for trading, when trading window is open, from Managing Director of the Company.

VII. Contra Trade

- A DP who is permitted to trade shall not execute a contra trade prior to 6 months from the date of actual trade executed in pursuance of a pre-clearance permitted by the Compliance Officer.
- The Compliance Officer is empowered to grant relaxations from the strict restrictions as stated above, for reasons to be recorded in writing, provided that such relaxation does not violate the provisions of PIT Regulations.

VIII. Consequences of Contra Trade

If a contra trade is executed inadvertently or otherwise, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.

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

IX. Forms

The Compliance Officer shall stipulate the formats for necessary application – seeking and/or allowing pre-clearance of trades, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in shares by designated persons/compliance officer, etc. from time-to-time.

X. Trading Plan

Any Insider/DP who may be perpetually in possession of UPSI shall be entitled to formulate a Trading Plan enabling him/her to trade in the securities of the Company in a compliant manner. The Compliance Officer is required to review such a Trading Plan to assess that the

Trading Plan will potentially not violate the provisions of 'SEBI PIT Regulations'. The Trading Plan approved by the Compliance Officer shall be notified to the Stock Exchanges where securities of the Company are listed.

Trading Plan shall: -

- not entail commencement of trading on behalf of the insider earlier than one hundred and twenty calendar days] from the public disclosure of the plan;
- not entail overlapping of any period for which another trading plan is already in existence;
- set out following parameters for each trade to be executed:
 - i. either the value of trade to be effected or the number of securities to be traded;
 - ii. nature of the trade;
 - iii. either specific date or time period not exceeding five consecutive trading days;
 - iv. price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:
 - a) for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;
 - b) for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price; and
- not entail trading in Securities for market abuse.

Pre – clearance of trades, trading window norms and restrictions on contra trade shall not be applicable for trades executed as per an approved trading plan.

The Compliance Officer may seek express undertakings necessary for the assessment, approval, and implementation of the trading plan. An approved trading plan is irrevocable. Insiders cannot execute any trade outside the scope of the trading plan.

Implementation of a trading plan shall not commence if any UPSI - in possession of the insider at the time of formulation of the plan - is not generally available at the time of implementation. Compliance Officer may defer the commencement until such UPSI is generally available.

Provided further that if the insider has set a price limit for a trade under sub-clause (iv) of clause (v) of regulation 5 (2), the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed.

The Trading Plan of the Compliance Officer, if any, shall be presented to the Managing Director of the Company for approval.

XI. Contravention of the Code

Without prejudice to the powers of SEBI in this regard, any person found to have contravened the stipulations contained in this Code/Insider Trading Policy shall be liable to face disciplinary actions like salary freeze, suspension, recovery, etc. and/or such penalty as may be prescribed under the provisions of SEBI PIT Regulations.

Any amount collected under this clause shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI.

Any violation of the provisions of 'SEBI PIT Regulations', shall be promptly informed to the Stock Exchange where the securities of the Company are listed for trading, in such form and such manner as may be specified by the SEBI/Stock Exchanges from time to time.

XII. Disclosures

DPs shall update/disclose the stipulated details as specified in 'SEBI PIT Regulations' of his/her Immediate Relatives and/or such other person with whom the DP shares a material financial relationship, to the Company on an annual basis and, as and when the information changes.

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 a loan or gift from a DP during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such DP but shall exclude relationships in which the payment is based on arm's length transactions. The prevailing definition for 'Material Financial Relationship' shall be applicable pursuant to SEBI PIT Regulations, as amended from time to time.

The Board shall always have the right to amend this Code/Policy at any point of time, whenever it deems necessary to do so.
