



**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**  
**(AMENDED ON 01.04.2019)**  
**[PURSUANT TO SEBI (PROHIBITION OF INSIDER TRADING) [AMENDMENT**  
**REGULATIONS, 2018]**

**BUTTERFLY GANDHIMATHI APPLIANCES LIMITED**

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**[PURSUANT TO SEBI (PROHIBITION OF INSIDER TRADING) (AMENDMENT REGULATIONS, 2018)]**

**Preamble:**

The Securities and Exchange Board of India (SEBI) have notified a set of new Regulations viz., Securities and Exchange Board of India Regulations, 2015 (hereinafter referred to as 'Insider Trading Regulations/the said Regulations'). Pursuant to Clause 9 of the said Regulations, the Board of Directors of Butterfly Gandhimathi Appliances Limited ("the Company/BGMAL") had formulate a Code of Conduct to regulate, monitor and report trading ("the Code") by its Designated Persons and immediate Relatives of Designated Persons achieving compliance with the said regulations. This regulation has further been amended by SEBI vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2018. Accordingly, the Board of Directors of Butterfly Gandhimathi Appliances Limited have adopted a new Code of Conduct for trading by insiders replacing the existing Code.

**(I) Title:**

(1) This Code is called **Butterfly Gandhimathi Appliances Limited (Insider Trading) Code, 2015, as amended.**

(2) This Code is applicable to 'Designated Persons' and their Immediate Relatives.

(3) This Code was approved by the Board of Directors of the Company at its meeting held on 04.04.2019 and this Code shall come into force on and from 1<sup>st</sup> April 2019.

**(II) Objective of the Code:**

The Objective of the BGMAL's Code is to ensure protection of Unpublished Price-Sensitive Information (UPSI) of the Company and to serve as a guideline to Designated Persons covered by BGMAL's Code for dealing in the Securities of the Company. In addition to setting out the policy of the Company, it provides an understanding of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time and any other applicable law, in relation to prevention of Insider Trading. The BGMAL's Code is subject to the applicable prevailing law in relation to prevention of Insider Trading and if there is any inconsistency between any of the provisions of the BGMAL's Code and applicable law, the applicable law prevail.

### **(III) Definitions:**

In this Code, unless the context otherwise provides:

- (1) “**Act**” means the Securities and Exchange Board of India Act, 1992;
- (2) “**Board**” means the Board of Directors of Butterfly Gandhimathi Appliances Limited;
- (3) “**Code**” means the Butterfly Gandhimathi Appliances Limited (Insider Trading) Code, 2015;
- (4) “**Compliance Officer**” means any Senior Officer designated and appointed by the Board of Directors. The Compliance Officer as on the commencement of this Code is Mr D Krishnamurthy Executive Director Cum Company Secretary; on his retirement on June 2016, Mr.K.S.Ramakrishnan, Company Secretary & General Manager – Legal was appointed as Compliances Officer.
- (5) “**Connected person**” mean-
  - (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); 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 recognized 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 per cent of the holding or interest;

(6) **“Designated Persons”** mean-

(a) All Directors

(b) President / Senior Vice Presidents / Vice Presidents and General Managers who are functional heads

(c) Key executives in the Finance and Secretarial Department located at Accounts / Corporate office of the Company

(d) Statutory Auditors / Internal Auditors

(e) Any other employees and their dependents, as may be identified by the Committee who are privy to any price sensitive information.

(f) Employees of Material Subsidiaries of the Company designated on the basis of their functional role or access UPSI by their Board.

(g) Any support staff of the Company such as IT staff, Secretarial Staff who have access to UPSI.

(h) Immediate Relatives of persons mentioned in Clause (a) to (g).

(7) **“Fiduciaries”** means Professional Firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks, etc., assisting or advising the Company shall be collectively referred to as Fiduciaries for the purpose of these regulations.

(8) **“Legitimate Purpose”** shall include 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 or Other Advisors or Consultants and such other category of persons that the Board of

Directors may specify, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

(9) “**Insider**” means any person who is or was connected with the Company or is deemed to have been connected with the Company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of the Company, or who has received or has had access to unpublished price sensitive information.

(10) “**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,

(11) “**Officer of the Company**” means any person as defined in of Section 2(59) of the Companies Act, 2013 and includes the auditor of the Company.

(12) “**Promoter**” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

(13) “**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.

(14) “**Securities and Exchange Board of India or SEBI**” means the Statutory Body established under SEBI Act, 1992.

(15) “**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;

(16) “**Trading**” means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly;

(17) “**Trading Day**” means a day on which the recognized stock exchanges are open for trading;

(18) “**Generally available information**” means the information which is available on Company’s website and disclosures made to Stock Exchanges and official press releases made by the Company;

(19) “**Unpublished price sensitive information (UPSİ)**” 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, delistings, disposals and expansion of business and such other transactions;

(v) changes in key managerial personnel; and

(vi) such other information as determined by the Board of Directors / Managing Director/ Chief Operating Officer / Chief Financial Officer/ Compliance Officer from time to time.

(20) “**Unpublished Information**” means any information, which is not officially published by the Company or its agent and is not specific in nature. However speculative reports in print or electronic media by an analyst or reporter or by means of rumor shall not be considered as published information.

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

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

**(IV) Applicability of the Code:**

The Code shall be applicable to the Designated Persons and their immediate relatives.

**(V) Code of Conduct on matters relating to insider trading:**

(a) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(b) No insider shall counsel any other person to deal in shares of the Company on the basis of Unpublished Price Sensitive Information (UPSI).

**(VI) Procedure for 'Designated Persons' to invest in Company's securities:**

No Designated Persons, his dependent relatives shall invest in the Company's shares beyond the threshold limit of **2,000** shares or Rs. 5,00,000/- (five lakhs only) (prescribed at present) unless;

(1) He / she takes prior approval of the Committee giving his name, estimated number of shares he / she intends to purchase or sell and details of Depository Participant.

(2) He / she files an undertaking stating that: (i) He / she does not have access to or has not received price sensitive information up to the time of signing the undertaking.

(ii) In the event of receiving any price sensitive information after signing the undertaking but before execution of the transaction, he / she will inform the Compliance Officer of the change and will refrain from dealing in the shares of the Company till such information is made public.

(iii) He / she has not contravened the Code.

(iv) He / she has made a full and true disclosure in the matter.

(v) The prior approval should be sought in the format as given in Annexure-1 along with the above undertaking in Annexure-1A.

(vi) The approval of the Compliance Officer should be in Annexure-2 within 2 trading days from the receipt of the request. Provided that the Compliance Officer while rejecting the request shall state the reasons for the rejection.

(3) The Designated Persons must execute the order for purchase / sale of shares within one week of getting approval from the Compliance Officer otherwise fresh approval will be required. The Designated Persons shall disclose the executed transaction in the format as given in Annexure-3. If the trade is not executed within 7 (seven) trading days from the date of pre-clearance approval, the Designated Person shall inform the Compliance Officer in the format prescribed at Annexure 3.

(4) For the purpose of this Clause, the authority to clear the trades of Compliance Officer shall be the Managing Director of the Company.

(5) All Directors / 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 6 months following the prior transaction. All Directors / Officers / Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time. The profits, if any, made through such prohibited transactions, may be disgorged from the Designated Person and remitted to Investor Education and Protected Fund. Provided this restriction shall not be applicable for trades pursuant to exercise of stock options.

(6) In case of sale necessitated by personal emergency, holding period of 6 months can be waived by the Compliance Officer, for reasons to be recorded in writing. In case of subscription in the primary market (IPO) the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

(7) The Designated Persons shall submit the required Forms for seeking approval and disclosures of the securities.

(8) All Designated Persons are required to disclose name 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; and
- (c) phone and mobile numbers and also email ID which are used by them as per Annexure 4.

In addition, 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.



**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 during the immediately preceding twelve months, equivalent to atleast 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

**(VII) Disclosures:**

The Board of Directors and Designated Persons, every Promoters, member of the Promoter Group, KMP shall disclose his / their holdings of the securities of the company within 30 days of the commencement of this code. Such disclosures shall be as per **Form A** attached herewith.

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 as on the date of such appointment on becoming a promoter to the company within seven days of such appointment or becoming a promoter. Such disclosures shall be as per **Form B** attached herewith.

Every promoter, every Promoters, member of the Promoter Group, KMP, employee and director of every 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 ten lakh rupees or such other value as may be specified. Such disclosures shall be as per **Form C** attached herewith.

**(VIII) Trading Window:**

The Designated Persons can trade in shares after taking the approval at all times except:

**Trading restricted period:**

- (a) Seven days before the Board Meeting in which the Unaudited Quarter Results/Audited Results are considered and 48 hours, thereafter. However, trading restriction period can be made from the end of every quarter till 48 hours after the declaration of financial results.
- (b) With regard to any other matter, any other period as notified by the Board of Directors, in compliance with the applicable SEBI Regulations, in force.

**(IX) Powers of Board to investigate offences:**

In relation to any offences by Designated Persons the Board or committee constituted shall:

(a) Serve a notice on the Designated Persons provided that, if the Committee is of the opinion that it is necessary in the interest of the Company, it can initiate such proceedings without serving any notice.

(b) Investigate such records and documents in his / her possession or in the possession of the Company.

(c) Record reasons of the Designated Persons in writing.

(c) Record the findings of the Inquiry Committee and penalty imposed, if any.

**(X) Penalty for contravention:**

The Company shall have the power to impose the following penalty on the Designated Persons:

(a) Withhold any dividend declared by the Board of the Company.

(b) Employees / Officers / Directors of the Company who violate the code of conduct shall also be subject to disciplinary action by the company which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.

(c) The Company shall also take such steps within its power to recover any profits made in respect of such dealings from the Designated Persons(s).

(d) 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.

(e) In case it is observed by the Company / Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed by the Company.

**(XI) Power of the Board to effect modifications to these rules:**

The Board shall have the powers to make such changes / modifications in these Rules as may be required from time to time to make these Rules more effective and in line with such notifications / changes / amendments made by SEBI.

**(XII) Mechanism for prevention of Insider Trading:**

Managing Director and Compliance Officer shall put in place adequate and effective system of Internal Controls to ensure compliance with the requirements given in these regulations to prevent insider trading,

In this connection, the following shall be ensured:

- (a) All employees who have access to UPSI shall be identified as Designated Persons.
- (b) All UPSI shall identified and clearly marketed as UPSI and its confidentiality shall be maintained as per the Regulations.
- (c) Adequate restriction shall be placed on communication and procurement of UPSI in terms of Regulations.,
- (d) List of employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreement be signed, or notice be served on those employees and other person to ensure compliance with 9A(1) & 9A(2) of the Regulations.
- (e) Audit Committee shall review compliance with the provisions atleast once in a financial year and verify the internal controls.
- (f) Formulate a written policy and procedure for enquiring into a case of leak of UPSI or suspected leak of UPSI.
- (g) Intermediaries and Fiduciaries are required to co-operate in any enquiry initiated by the Company under these Regulations, and this must be made known to them.

**(XIII) Role of Compliance Officer:**

- (1) The Compliance Officer shall review the trading plans to assess whether such plans would have any potential for violation of the Insider Trading Regulations and shall be entitled o seek such express undertakings as may be necessary enable such assessment and to approve and monitor the implementation of such plans. The Compliance Officer may require the Designated Persons to declare that such person is not in possession of UPSI or that such person shall ensure that any UPSI in his possession is become Generally Available before such person commences executing their trades. Once satisfied, the Compliance Officer may approve the trading plan, which would then have to be implemented in accordance with the Insider Trading Regulations.

- (2) The Compliance Officer shall provide periodic reports to the Chairman of the Audit Committee and the Board of the Company, including all the details of the Trading in Securities of the Company by Designated Persons and the accompanying documents, as may be necessary. Such reports shall also include details that would facilitate the Audit Committee and the Board to review compliance with Insider Trading Regulations and enable them to verify that the systems for internal control are adequate and operating effectively.
  
- (3) The Compliance Officer shall inter-alia, under the overall supervision and direction of the Board;
  - (a) determine the Designated Person based on the role and function of such employee in the Company and the access that such role and function would provide to UPSI.
  - (b) Update, maintain and monitor the Digital Database containing the details of Designated Persons and Insiders with whom any UPSI has been shared or who may have access to any UPSI of the Company, in the ordinary course of business and for Legitimate purpose or in relation to substantial transactions involving takeovers, mergers or acquisitions or any other purpose in accordance with this Code.
  - (c) Assist the Managing Director to put in place adequate and effective system of internal controls to ensure compliance with the requirements of the Regulation 9A of the Insider Trading Regulations; and
  
- (4) The Compliance Officer shall maintain all records under BGMAL code and the Insider Trading Regulations for a minimum period of five (5) years.
  
- (5) The Compliance Officer shall in consultation with the Board inform SEBI of any violation of the Insider Trading Regulations of BGMAL code.

**(XIII) Caution:**

All Designated Persons are hereby requested in their own interest not to purchase any shares in the Company beyond the threshold limit as mentioned in Rule IV para 1 without the prior clearance of the Compliance Officer. In case of any difficulty in understanding these Rules, all Designated Persons should first contact the Company Secretary / Compliance Officer.

**(XIV) Summary of Obligations of Board of Directors of the Company:****(a) Supervise**

- Activities of Compliance Officer as described in Clause XII;
- Execution of Confidential and Non-Disclosure Agreements;
- Digital Data base;
- Compliance with Regulation 9(1) and 9(2) of Insider Trading Regulations.

**(b) Approval of**

- Code of Conduct for fair disclosure of UPSI and for regulating, monitoring and reporting of trading by Designated Persons;
- Policy for determination of “Legitimate Purposes” /Inquiry in case of leak/suspected leak of UPSI;
- List of designated persons;
  
- Formats for pre-clearance reporting of trades executed, reporting of decisions not to trade after securing pre-clearance and for reporting level of holdings in securities.

**(c) Relaxation in case of Open Offer / Due Diligence**

- Board to determine if sharing of UPSI for proposed transaction is in the best interest of the proposed transaction.
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**ANNEXURE-1****FORMAT FOR APPLICATION FOR PRE-CLEARANCE APPROVAL**

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

To

**The Compliance Officer  
Butterfly Gandhimathi Appliances Limited  
E 34, II Floor,  
Rajiv Gandhi Salai,  
Egattur Village,  
Navalur 600 130.**

Dear Sir / Madam,

**Re : Application for Pre-clearance approval in securities of the Company**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of conduct for Prevention of Insider Trading, I seek approval to purchase / Sale / Subscription of \_\_\_\_\_ Equity shares of the Company as per details given below:

1.	Name of the Applicant	
2.	Designation	
3.	Number of securities held as on date	
4.	Folio No. / DP ID / Client ID No.)	
5.	The proposal is for (a) Purchase of securities (b) Subscription to securities (c) Sale of securities	
5.	Proposed date of dealing in securities	
7.	Estimated number of securities proposed to be acquired/subscribed/sold	
8.	Price at which the transaction is proposed	
9.	Current market price (as on date of application)	
10.	Whether the proposed transaction will be through stock exchange or off-market deal	
11.	Folio No. / DP ID / Client ID No. where the securities will be credited / debited	

I am enclosing the form of Undertaking duly signed by me.

Yours faithfully,  

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**ANNEXURE-1A****FORMAT FOR UNDERTAKING  
[TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE ]**

**To**  
**The Compliance Officer**  
**Butterfly Gandhimathi Appliances Limited**  
**E 34, II Floor,**  
**Rajiv Gandhi Salai,**  
**Egattur Village,**  
**Navalur 600 130.**

**Dear Sir,**

I, \_\_\_\_\_, \_\_\_\_\_ of the Company residing at \_\_\_\_\_, am desirous of dealing in \_\_\_\_\_ \* shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information (as defined in the Company's Code of Conduct for prevention of Insider Trading (the Code) up to the time of signing this Undertaking.

In the event that I have access to or received any information that could be construed as "Price Sensitive Information" as defined in the Code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time.

I undertake to submit the necessary report within four days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek pre-clearance.

I declare that I have made full and true disclosure in the matter.

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

**Signature :** \_\_\_\_\_

\* Indicate number of shares

**ANNEXURE-2****FORMAT FOR PRE- CLEARANCE ORDER****To****Name:** \_\_\_\_\_**Designation:** \_\_\_\_\_**Address/Place:** \_\_\_\_\_

This is to inform you that your request for dealing in \_\_\_\_\_ (Nos.) shares of the Company as mentioned in your application dated \_\_\_\_\_ is approved. Please note that the said transaction must be completed on or before \_\_\_\_\_ (date) that is within 7 days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,

**For Butterfly Gandhimathi Appliances Limited**

**COMPLIANCE OFFICER**

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

**Encl: Format for submission of details of transaction.10**



**ANNEXURE-3****FORMAT FOR DISCLOSURE OF TRANSACTIONS**

**(To be submitted within 2 days of transaction / dealing in securities of the Company)**

To  
The Compliance Officer  
Butterfly Gandhimathi Appliances Limited  
E 34, II Floor,  
Rajiv Gandhi Salai,  
Egattur Village,  
Navalur 600 130.

Dear Sir,

I hereby inform that-

I have not bought / sold/ subscribed any securities of the Company

• I have bought/sold/subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_ (date).

Name of the holder	No. of securities dealt with	Bought / sold / subscribed	DP ID/Client ID / Folio No	Price (Rs.)

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 3 years and produce to the Compliance Officer / SEBI any of the following documents:

- (1) Broker's contract note.
- (2) Proof of payment to/from brokers.
- (3) Extract of bank passbook/statement (to be submitted in case of demat transactions).
- (4) Copy of Delivery instruction slip (applicable in case of sale transaction).

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. (*applicable in case of purchase / subscription*).

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

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

**Signature :** \_\_\_\_\_

**Name :** \_\_\_\_\_

**Designation:** \_\_\_\_\_