

SINNAR BIDI UDYOG LIMITED

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

The policy and Obligations

The Company ensures to preserve the confidentiality of un-published price sensitive information and to prevent the misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations. Every director, officer, designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. No director, officer, designated employee/ persons may use his or her position or the knowledge of the Company to gain the personal benefit or to provide benefit to any third party.

To achieve these objectives, the Company Sinnar Bidi Udyog Limited hereby notifies that this code of Conduct is to be followed by all the Directors, officers, designated employees and the Connected persons.

PART – A

1. **"Insider"** means any person who is:
 - i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
2. **"Company"** means Sinnar Bidi Udyog Limited;
3. **"Act"** means the Securities and Exchange Board of India Act, 1992;
4. **"Board"** means the Securities and Exchange Board of India;
5. **"Compliance Officer"** means any senior officer, designated so and reporting to the board of directors or head of the organization in case board 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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 listed company or the head of an organization.
6. **"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.

- 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;
7. **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;
8. **"Officer"** means and includes any employee of the Company as may be decided by the Board of Directors of the Company and includes the Auditors (Statutory and Internal Auditors) of the Company
9. **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis;
10. **"Designated Employees/ Persons"** shall include:
 - i. Employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable;
 - ii. Key Managerial Personnel and one level below KMP.
10. **"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. **"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, delistings, disposals and expansion of business and such other transactions;
- v. changes in key managerial personnel; and
- vi. material events in accordance with the listing agreement.

12. "Prohibited period" means the period effective from the date on which the Company sends intimation to the Stock Exchange advising the date of the Board Meeting upto 24 hours after the price sensitive information is submitted to the Stock Exchange.

13. "Free Period" means a period other than the prohibited period.

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

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

16. "Specified" means specified by the Board in writing

17. 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;

18. "Insider Trading" means the buying, selling, subscribing or dealing in the securities of the company by a Director, KMP, Employee of the Company or by any other person such as internal and/or statutory auditor, agent, advisor, analyst, consultant etc. who has, or is reasonably expected to have, knowledge of material unpublished price sensitive information, which is not available to the general public. The dealing in securities by an 'insider' is the utilization of 'inside' information to profit or for reducing losses, at the expense of other investors, who do not have access to the same information.

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.

PART-B

1. Compliance Officer:

The Company has appointed Mr. Madhav Deshpande, Whole Time Director and CFO as its Compliance Officer who shall report to the Board of Director of the Company at such frequency as may be stipulated by the Board of Directors.

Duties of the Compliance Officer:

1. He shall maintain a record of designated employees/ persons and any changes made to the list of the connected persons.
2. He may in consultation with the Board of Directors and shall as directed by the Board, specify Prohibited Period from time to time and immediately make an announcement thereof to all concerned.
3. He shall maintain a record of Prohibited Period specified from time to time.
4. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of 'Unpublished Price-Sensitive Information', 'pre-clearing of Designated Employees' and their dependents' trades, monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of the Company.
5. He shall maintain records of all the declarations submitted in the appropriate form given by the Directors, Officers, and Designated Employees/ periods for a minimum period of five years.
6. He shall from time to time inform the Stock Exchanges of any price sensitive information on immediate basis.
7. He shall intimate to all Stock Exchanges on which the securities of the Company are listed the relevant information received.
8. He shall be responsible for overseeing and co-ordinating disclosure of price sensitive information to Stock Exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure and report to the Board of Directors.
9. He shall inform SEBI of any violation of SEBI (Prohibition of Insider Trading) Regulations, 1992 within 7 days of knowledge of violation.

2. Preservance of Unpublished Price Sensitive Information:

Directors, Designated Employees/ Persons, Officers shall maintain the confidentiality of all Unpublished Price Sensitive Information. Employees/ directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities. Following practices should be followed in this regard:

i. Need to Know:

Unpublished Price Sensitive Information is to be handled on a "need to know" basis, i.e., 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 information.

No Unpublished Price Sensitive Information shall be communicated or provided to any person, except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.

ii. Limited access to confidential information:

Files containing confidential information shall be kept secure. Computer files must have

adequate security of login and pass word, etc.

iii. Chinese Wall:

To prevent the misuse of confidential information, the Company shall adopt a “Chinese Wall” policy / guidelines which separates those areas of the Company which routinely have access to confidential information, considered “inside areas” from those areas which deal with sales / marketing / investment advice or other departments providing support services, considered “public areas”.

The employees in “inside area” shall not communicate any Price-Sensitive Information to anyone in public area. The employees in “inside area” may be physically segregated from employees in public area. Demarcation of the various departments as “inside area” may be implemented by the Company. 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.

3. Prohibition on Dealing, Communicating, or counseling on matters Relating to Insider Trading:

No insider shall-

- a. either on his own behalf, or on behalf of any other person, deals in securities of the Company when in the possession of any unpublished price sensitive information;
- b. communicates, counsel or procures, directly or indirectly any unpublished price sensitive information to any person. However these restrictions shall not be applicable to any communication required in the ordinary course of business or under any law.

4. Trading Restrictions and the prevention of misuse of Price Sensitive Information:

All directors/ officers and designated employees of the Company shall be subject to trading restrictions as enumerated below:-

a. Trading Plan:

An Insider shall be entitled to formulate a “Trading Plan” (TP) 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 / her behalf in accordance with such plan. This provision intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed in future. By doing so, the possession of unpublished price sensitive information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the unpublished price sensitive information came into being.

Such trading plan shall:

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

The Compliance Officer shall consider such Trading Plan as mentioned above. He shall review the trading plan and find out whether the plan would have any potential for violation of the regulations. 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 as per provisions of the Regulations

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.

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

b. Trading windows:

Compliance Officer shall specify a trading period, to be called Trading Window, for trading in securities of the Company. The trading window shall be closed during the time any 'price sensitive information' referred to below is unpublished

When the trading window is closed, the Directors and the designated employees of the company shall not deal in the securities of the Company.

c. The trading window shall, inter alia, be closed at the time of:

- 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. material events in accordance with the listing agreement.

d. The period of closure shall be effective from the date on which the Company sends intimation to Stock Exchange advising the date of the Board Meeting, up to 48 hours after the Price sensitive information is submitted to the Stock Exchange.

e. The trading window shall be opened 48 hours after the information referred in (c) is made public.

f. All Directors, Officers, Designated Employees/ Persons of the Company shall conduct all their dealings in the securities of the Company only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's securities during the prohibited periods or during any other period as may be specified by the Company from time to time.

g. In case of ESOPs, 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 window is closed.

h. The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

5.Pre-clearance of trades:

I. Pre trade clearance procedure:

- i. All Directors, Officers, Designated Employees who intend to deal in the securities of the Company (above a minimum threshold limit of 4000 shares), should pre clear the transactions. The pre-dealing procedure shall be as follows:
- ii. The Employee shall make an application in the Form A to the Compliance Officer, indicating the estimated number of securities that the Designated Employee intends to deal in along with the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details, as may be required by the Company in this behalf.
- iii. The Employee shall execute an undertaking in favour of the Company inter alia, incorporating the following clauses, as may be applicable
- iv. That the employee officer does not have any access or has not received any "Unpublished Price Sensitive Information" (UPSI) up to the time of signing the undertaking.
- v. That in case the Designated Employee has access to or receives UPSI after the signing of the undertaking but before the execution of the transaction he / she shall inform the Compliance Officer about 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
- vi. That he / she has not contravened the code of conduct for prevention of insider trading, as notified by the Company from time to time.
- vii. That he / she has made a full and true disclosure in the matter.
- viii. The Compliance Officer shall approve the Pre-Clearance application within 2 working days of its receipt, in the prescribed Form.
- ix. The Employee shall execute their order in respect of securities of the Company within seven days after the approval of pre-clearance, and shall file the details of such deal with the Compliance Officer in the prescribed form, within 2 (two) days of the execution of the deal. In case the transaction is not undertaken, a report to that effect shall be filed.
- x. If the order is not executed within seven days after the approval is given, the Employee must pre-clear the transaction again.

- xii. The Compliance Officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as a basis for approving or rejecting applications for the pre-clearance of trades.

II. Opposite transactions/ Contra Trade:

A Director / Employee who buys or sells 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 months following the prior transaction and shall also not take positions in derivative transactions in the shares of the Company at any time.

In case of any contra trade gets 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 (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

6. Reporting requirements for transactions in securities:

a. Initial Disclosures:

Every Promoter, Key Managerial Person, Director & Designated Employees of the Company, and their immediate relatives shall, within thirty days of these regulations taking effect, submit the details of their holdings in the securities of the Company as on 15th May 2015, in the Form C.

Every person on appointment as a KMP or a Director of the Company or upon becoming a Promoter, shall disclose his holding of securities in the Company and that of his / her immediate relatives, as on the date of appointment or becoming a Promoter, to the Company within seven days of such appointment or becoming a Promoter, in the Form C.

b. Continual disclosures:

- i. Every promoter, 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.
- ii. The aforesaid disclosure has to be made within 2 working days of:-
 - I. the receipt of intimation of allotment of shares, or
 - II. the acquisition or sale of shares or voting rights as the case may be
- iii. The disclosures under this Clause shall be sent to the Compliance Officer of the Company.

c. Disclosure by the Company:

The Company, in turn, within 2 trading days of receipt of the said disclosures, or of becoming aware of such information, shall notify to all the Stock Exchanges, on which its securities are listed, the information under the paragraphs of continual disclosures.

Other connected persons, are required to make the disclosures and trading in the securities of the company, in Form F and at such frequency as may be determined by the Company in its Board Meetings, in order to monitor the compliances of the Company.

7. Penalty for contravention of the Code:

In case of any violation of the Code, the company shall stipulate the sanctions and disciplinary actions, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.

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, 1992.

In case of any violation of the regulations observed by the company, it shall be intimated to the SEBI by the company and such person (violation) will be subjected to action that may be taken by SEBI.

8. Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992:

In case it is observed by the Company and / or Compliance Officer that there has been a violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the Company.

Under Section 24 of SEBI Act, 1992 anyone who contravenes the Regulations, is punishable with imprisonment for a maximum period of one year or with fine or with both.

Apart from the above, to protect the interest of the Investors and in the interest of the Securities Market and for the due compliance with the provisions of the SEBI Act, 1992 and the Regulations made thereunder, SEBI may even make enquiries and can even do inspection.

9. Forms:

Forms mentioned in the code for various disclosures under the regulation are appended at the end.

Forms relating to reporting under Prevention of Insider Trading are as follows:

Form A - Application for pre-clearance of trade;

Form B - Application for waiver of minimum holding period;

Form C - Form for initial disclosure;

Form F - Disclosure of change in holding.