Ambika Cotton Mills Limited

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Insider Trading

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) has , on 15.01.2015, notified "Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 "(No.AD-NRO/GN/2014-15/21/85.),(herein after referred to as "Regulations").These Regulations have come into force with effect from 15.05.2015 and pursuant to the same the company has put in place Code of Conduct to Regulate, Monitor & Report Trading by Insiders.

A. Objective of the Regulations

1. No Insider shall trade in securities that are listed or proposed to be listed on a Stock Exchange when in possession of unpublished price sensitive information except as provided.

2. Trades are pursuant to a trading plan as prescribed.

B. Some of the Key Definitions of the Regulations

The Regulations provides the following Key definitions

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ii) in possession of or having access to unpublished price sensitive information;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. "**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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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

AMBIKA COTTON MILLS LTD CBE-12

(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 per cent. of the holding or interest.

3. **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis.

4. **"Unpublished price sensitive information"** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

(i) financial results;

(ii) dividends;

(iii) change in capital structure;

(iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;

(v) changes in key managerial personnel; and

(vi) material events in accordance with the listing agreement.

5. **"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.



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

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

C. Restrictions

1. Insider shall not communicate any unpublished price sensitive information relating to company or securities except as provided.

2. A person shall not procure or cause the communication of any unpublished price sensitive information relating to company or securities except as provided.

D. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1. 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.

2. Uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.

3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.

4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.

6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.

7. Developing 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.

8. Handling of all unpublished price sensitive information on a need-to-know basis

In order to achieve and adhere to the above principles the following Code of Conduct is laid down in the matter of Trading in Shares by the Insiders.

E. Standards for Code of Conduct to Regulate, Monitor and Report of Trading by Insiders.

1. The compliance officer is required to report periodically the details of trading plans and details of trade transactions pursuant to the trading plans either to the Chairman



of the Audit Committee or to the Chairman of the Board of Directors and further such reports shall be placed before the Board of Directors for noting and record purposes.

2.1 Unpublished price sensitive information, if any, shall be made available, within the organisation, on a need to know basis only.

2.2 Unpublished price sensitive information, if any, shall not be communicated to any person, except for legitimate purposes, performance of duties or discharge of his legal obligations of the insider

3. The designated persons (i.e Employees and connected persons designated on the basis of their functional role in the organisation) are subject to internal code of conduct for dealing in Equity shares of the company and they have to strictly comply with the same. .

4.1 Designated persons may execute trades subject to compliance with these Regulations.

4.2. Use of Notional trading window for monitoring trading by the designated persons.

4.3 The Compliance Officer to determine and close the trading window when he reasonably expects that the designated persons to have position of unpublished price sensitive information.

4.4 Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

5.1 An insider shall present a "Trading Plan" to the Compliance Officer for approval and public disclosure for carrying out trades and pursuant to which shall carry out trades as per plan.

5.2 The insider shall commence trading after six months from the public disclosure of the plan.

5.3. The insider shall not trade during 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 Company and the second trading day after the disclosure of such financial results.

5.4 The trading plan is not to entail trading for a period of not less than twelve months.

5.5 The trading plan is not to entail overlap of any period for which another trading plan is already in existence.

5.6 The trading plan has to set out either the value of trades to be effected or the number of shares to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected.

5.7 The trading plan shall not entail trading in shares for market abuse.



5.8 The compliance officer is authorized

i. to review the trading plan to assess whether the plan would violate the Regulations.

ii. to seek such express undertakings as may be necessary to enable such assessment and.

iii. to approve and monitor the implementation of the plan.

5.9.The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled either to deviate from it or to execute any trade in the shares outside the scope of the trading plan.

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

6.1 The compliance officer to determine the timing for re-opening of the trading window, after taking into account the fact that the unpublished price sensitive information becomes generally available and assimilated by the market, after forty-eight hours of the information becomes generally available.

6.2 The trading window shall 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.

7.1 When the trading window is open, trading by designated persons shall be subject to preclearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate.

7.2 No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

8. The compliance officer to maintain restricted list of securities for approving or rejecting pre clearance of trades.

9.1 Prior to approval of any trade, the applicant, is required, to file a declaration to the compliance officer that he is not in possession of any unpublished price sensitive information.

9.2 The compliance officer has to ensure that the declaration filed by the applicant is free from inaccuracies

10. The pre – cleared trades are to be executed within a period of 5 days. If not fresh pre- clearance needs to be obtained for execution of any trades.

10.1 The designated person, who is permitted to trade, shall not execute a contra trade, before expiry of 7 months of the permitted trade.



10.2 In exceptional circumstances, the compliance officer, grant relaxation from the above specified time limit for a contra trade, for reasons recorded in writing, without violating the Regulations.

10.3 The profits, arising from such contra trade, in violation of the restrictions placed, would be disgorged by SEBI for credit to the Investor Protection and Education Fund administered by it.

11 In order to comply with the code, the designated person shall

a. submit Applications for pre- clearance

b. report trades executed

c. report decisions not to trade subsequent to pre- clearance

d. reasons for such decisions (i.e not to trade)

e. report holdings of shares - periodically

12. The violation of code of conduct would result in the sanctions and disciplinary actions, including wage freeze, suspension etc.,by the Board of Directors for the contravention of the code of conduct.

13. The code of conduct shall be complied with strictly and any violation of this code shall be informed to the SEBI Board. ,

14. For further clarification and more understanding of the on Regulations please visit the link *http://www.sebi.gov.in/cms/sebi_data/attachdocs/1421319519608.pdf*

For AMBIKA COTTON MILLS LIMITED

Compliance Officer