

## SUPER SPINNING MILLS LIMITED

### Code of Internal Procedures and Conduct For Regulating, Monitoring and Reporting of Trading By Insider

#### **Introduction:**

In consonance with the principles of fair disclosure specified in SEBI (Prohibition of Insider Trading Regulations), 2015, (herein after referred to as "Insider Trading Regulations") the board has adopted this policy with a view to regulate, monitor and report the trading by insiders of the company.

#### **Objective:**

This policy is intended to impose restrictions on trading in securities while in possession of unpublished price sensitive information (UPSI), including prohibition on procurement of UPSI and give an option to persons who may be perpetually in possession of UPSI and enable them to trade in securities in a compliant manner

#### **Definitions**

In this Code:

(a) "**Act**" means the Securities and Exchange Board of India Act, 1992;

(b) "**Company**" shall mean Super Spinning Mills Limited;

(c) "**Compliance Officer**" shall mean the Company Secretary of the Company, and in his/her absence, any other senior officer designated so and reporting to the Board of Directors as mentioned in the Regulations;

(d) "**Connected Person**" is one who is or has during the six months prior to the concerned act, directly or indirectly in any capacity, has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons as defined in Sec 2 (d) (ii) of the Act are also deemed to be connected persons.

(e) "**Dealing in Securities**" means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.

(f) "**Designated Person(s)**" shall include :

- (i) all promoters
- (ii) every employee in the grade of Assistant General Managers and above;
- (iii) every employee in the finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer; and
- (iv) any other employee as may be determined and informed by the Compliance Officer from time to time<sup>1</sup>.

(g) "**Generally available Information**" means information that is accessible to the public on a non-discriminatory basis.

(h) "**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.

(i) '**Informant**' means an individual(s), who voluntarily submits to the Board a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;

(j) "**insider**" means any person who is:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information;

(k) "**Insider Trading Regulations**" means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

(l) "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.

(m) "**Specified Persons**" means the directors, connected persons, the insiders, the designated persons, the promoters, member of promoter group and immediate relatives are collectively referred to as specified persons.

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

(o) **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;

(p) **"Trading window open period"** refers to the period during which the Company's securities can be traded by the Designated Person as provided in this Code.

(q) **"Trading Window Closure Period"** refers to the period during which the designated persons of the Company shall not deal with the shares of the Company.

(r) **"Unpublished Price Sensitive Information"** or **"UPSI"** means any information, relating to the Company or its listed securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the listed securities of the Company and shall, ordinarily include but not restricted to, information relating to the following:

(a) financial results;

(b) dividends;

(c) change in capital structure;

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

(e) changes in key managerial personnel;

(f) material events in accordance with the listing agreement *(changes in definition by excluding clause (f) will be effective from 01<sup>st</sup> April 2019)*<sup>1</sup>

### **Role of Compliance Officer**

The compliance officer shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for preservation of UPSI.

The compliance officer shall Monitor trades and implement the code of conduct under the overall supervision of the Board of the company.

Further, the compliance officer shall review the trading plans and report on insider trading to the board of directors of the company and in particular, shall provide reports to the chairman of the audit committee, if any, or to the chairman of the board at such frequency as may be stipulated by the board but not less than once in a year<sup>1</sup>.

The compliance officer shall also assist all employees in addressing any clarifications regarding the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the company's code of conduct.

### **Preservation of Price Sensitive Information**

All information shall be handled within the company confidentially and on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations<sup>1</sup>.

Any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered an "insider" for this purposes and due notice shall be given to such persons to maintain confidentiality of such UPSI <sup>1</sup>.

### **Structured Digital Data Base**

The board of directors shall further, maintain a structured digital database containing the nature of <sup>2</sup> UPSI, names of such Designated persons who shared the UPSI and with whom the information is shared along with the 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.

<sup>2</sup> The structured digital database is to be preserved for a period of not less than 8 years after completion of the relevant transactions and in the event of receipt of any information from SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

### **Limited access to confidential information**

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc. . No such related documents should be kept lying at any place accessible to other employees/persons.

If any Designated Person, wants to cross the "Chinese Wall", they shall seek permissions from the Compliance Officer in writing stating the reasons/ justification for doing so. The Compliance Officer shall require such persons to produce an undertaking that the information will not be shared with any other person except as permitted and neither

he nor the person with whom the information is shared shall Trade in or induce others to Trade in the Securities of the Company.

### **Institutional Mechanism for Prevention of Insider trading<sup>1</sup>**

The Compliance Officer and the Managing Director of the company, shall put in place adequate and effective system of internal controls and shall review them periodically to ensure compliance with the requirements given to prevent insider trading.

The internal controls shall include the following:

(a) all employees who have access to unpublished price sensitive information are identified as designated employee;

(b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained;

(c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information;

(d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;

The Audit Committee of the company shall review compliance with the provisions of insider trading regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

### **Trading when in possession of unpublished price sensitive information.**

No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of UPSI. The insider shall also not Communicate, provide or allow access to any UPSI to any person including other insiders except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations.

If such person has traded in securities when in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession provided he proves his innocence by demonstrating the circumstances.

### **Trading plan**

An insider shall be entitled to formulate a trading plan 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.

Such Trading plan shall:

- a) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan,
- b) 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,
- c) entail trading for a period of not less than twelve months,
- d) not entail overlap of any period for which another trading plan is already in existence,
- e) 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
- f) not entail trading in securities for market abuse.

The compliance officer shall review the above trading plan and shall approve it forthwith. 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 the regulations.

### **Trading Restrictions**

Designated persons shall not indulge in Trading during a Prohibited Period.

The following events shall trigger a Prohibited Period, the duration of which shall be in accordance with Trading Window:

- (a) Declaration of Financial Result;
- (b) Declaration of Dividends, whether interim or final;
- (c) Issue of securities by way of public issue, rights issue or bonus issue;
- (d) Acquisition, amalgamation, merger, de-merger, takeover of companies/ businesses, delistings, disposals or expansion of business, new projects or such

other transactions in respect of the company as specified by Board from to time<sup>2</sup> ;

- (e) Buy-back and splitting of Securities or any other change in capital structure;
- (f) Changes in key managerial personnel;
- (g) Any changes in policies, plans or operations of the company;
- (h) Material events in accordance with the Listing Agreement.

### **Trading Window and Window Closure**

- i) The trading window will remain closed from end of quarter to the date of publication of the unpublished price sensitive information and will open after second trading day of the publication of the price sensitive information; the specified persons shall not trade in the company's securities in such period. <sup>1</sup>
- ii) All specified persons shall conduct all their dealings in the securities of the company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when the trading window is closed or during any other period as may be specified by the company from time to time.
- iii) The compliance officer shall intimate the closure of trading window to all the designated employees of the company when he 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.

### **Pre-clearance of trades**

- i) All specified persons, who intend to deal in the securities of the company when the trading window is opened and if the value of the proposed trades is above Rs. 10 lacs (market value) for a quarter, should pre-clear the transaction. The pre-dealing procedure shall be hereunder:
  - a) An application may be made in Form (Annexure 1) to the compliance officer indicating the estimated number of securities that the specified employees intends to deal in, 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 any rule made by the company in this behalf.

- b) An undertaking (Annexure 2) shall be executed in favour of the Company by such specified person incorporating, *inter alia*, the following clauses, as may be applicable:
- That the employee/director/officer does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.
  - That in case the specified employee has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the compliance officer of 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.
  - That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
  - That he/she has made a full and true disclosure in the matter.
- c) All specified persons shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. The specified person shall file within 2 (two) days of the execution of the deal, the details of such deal with the compliance officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed. (Annexure 4)
- d) If the order is not executed within seven days after the approval is given, the employee/director must pre-clear the transaction again.
- e) All specified 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 six months following the prior transaction. All specified persons shall also not take positions in derivative transactions in the shares of the company at any time. In case of any 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 Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

In case of subscription in the primary market (initial public offers), 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.

- f) The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.



Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan<sup>1</sup>.

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 UPSI 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.

## **Reporting Requirements for transactions in securities**

### **i. Initial Disclosure**

Every promoter/member of the promoter group/ key managerial personnel /director /officers /designated employees of the company, within thirty days of these regulations taking effect, 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 Form. (Annexure 5)

Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

### **ii. Continual Disclosure**

Every promoter, member of the promoter group<sup>1</sup>, designated person <sup>1</sup> and director 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. ten lakhs.

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**

Within 2 days of the receipt of intimation under "Continual Disclosure", the compliance officer shall disclose to the stock exchange on which the company is listed, the information received.

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.

### **Dissemination of Price Sensitive Information**

- a) No information shall be passed by Specified Persons by way of making a recommendation for the purchase or sale of securities of the Company.
- b) Disclosure/dissemination of Price Sensitive Information with special reference to analysts, media persons and institutional investors:

The following guidelines shall be followed while dealing with analysts and institutional investors

- i. Only public information to be provided.
- ii. At least two Company representatives be present at meetings with analysts, media persons and institutional investors.
- iii. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.
- iv. Simultaneous release of information after every such meet.

### **Further Dissemination of Generally Available Information**

Once any information is made generally available, the information may be uploaded on the Company's website in a suitable form and may be shared with any person or disseminated using any means without any restriction. It is clarified that the mere

changing of the form of the information without affecting its essence shall not result in the information being treated as new information

### **Penalty for contravention of the code of conduct**

- i. Every specified person shall be individually responsible for complying with the provisions of the code (including to the extent the provisions hereof are applicable to his/her dependents).
- ii. Any specified person who trades in securities or communicates any information for trading in securities, in contravention of this code may be penalised and appropriate action may be taken by the company and such violation shall be informed to the Stock Exchange<sup>2</sup>.
- iii. Specified Persons who violate the code 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. <sup>2</sup> *Any amount collected therein shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI.*
- iv. 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.

An Informant who files a Voluntary Information Disclosure Form in person or through his legal representative irrespective; of whether the information is accepted or rejected by the Board or he or she is eligible for a Reward under the Insider Trading Regulations, shall not face discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination, by reason of:

- a. filing a Voluntary Information Disclosure Form as per the Insider Trading Regulations
- b. testifying in, participating in, or otherwise assisting or aiding the Board in any investigation, inquiry, audit, examination, or proceeding instituted or about to be instituted for an alleged violation of insider trading laws or in any manner aiding the enforcement action taken by the Board; or
- c. breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with the Board in any manner.

Explanation 1: "employee" means any individual who during employment became privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under the Insider Trading Regulations and is a director, partner, regular or contractual employee but does not include an advocate.

Explanation 2: It is not necessary for the employee to establish that

- a. the Board has taken up any enforcement action in furtherance of information provided by such person; or
- b. the information provided fulfills the criteria of being considered as Original Information under the Insider Trading Regulations.

The Board of Directors of the Company is authorized to amend or modify this Code in whole or in part. The Board of Directors may stipulate further guidelines, procedures and rules, from time to time, to ensure fair disclosure of unpublished price sensitive information.

Subsequent modification(s) / amendments to SEBI (Prevention of Insider Trading) Regulations, 2015 shall automatically apply to this Code

**Effective from 15th May 2015**

- 1** - Changes effective from 01.04.2019
- 2** - Changes effective from 17.07.2020