

CIL SECURITIES LIMITED

CODE OF CONDUCT
FOR
PREVENTION OF INSIDER TRADING

AND

CODE OF
CORPORATE DISCLOSURE PRACTICES

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INTRODUCTION:

Insider trading means dealing in Securities of M/S CIL SECURITIES LIMITED by its Directors, Employees or other Insiders based on unpublished Price Sensitive Information.

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Insider Trading) Regulations, 1992 under the powers conferred on it under the SEBI Act, 1992.

Regulation 3 of the Regulations, which prohibits insider trading is quoted below:

“No Insider shall –

(i) *Either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished prices sensitive information;*

Or

(ii) *communicate or counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities;*

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or profession or employment or under any law.”

In order to comply with the mandatory requirement of the Regulations, it is necessary to formulate a specific Code of Conduct for use by its Directors, Officers and Employees.

This document embodies the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (**‘Code’**) to be adopted by the companies and followed by its Directors, Officers and other Employees. The Code is based on the principle that Directors, Officers, and Employees of CIL SECURITIES LIMITED owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal Securities transactions in a manner that does not create any conflict of interest situation. The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of listed companies and their dealings in Securities of such companies. Further, the Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company’s Securities.

DEFINITIONS:

- (a) **“Board”** means Board of Directors of the Company.
- (b) **“Code”** means this Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, as applicable, including modifications made thereto from time-to-time.
- (c) **“Company”** means a listed company with any recognized Stock Exchange.

- (d) **“Compliance Officer”** means an Employee appointed by the Board for the implementation of and overseeing compliance with the Regulations and the Code across the Company.
- (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 Employee”** means: -
 - (i) such Employees in the top three layers of the management as may be identified by the Compliance Officer in consultation with the Managing Director or the Chief Executive Officer of the Company; and
 - (ii) any other Employee as may be designated by the Compliance Officer in consultation with the Managing Director or Chief Executive Officer of the Company considering the objectives of the Code.
- (g) **“Director”** means a member of the Board of Directors of the Company.
- (h) **“Dependent”** shall include the spouse, children and parents, who are financially dependent on the Specified Persons and such other family members of the Specified Persons as may be notified by him/her.
- (i) **“Employee”** means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.
- (j) **“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 such unpublished Price Sensitive Information.
- (k) **“Officer”** includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors of the Company or any one or more of the Directors is or are accustomed to act including an auditor.
- (l) **“Price Sensitive Information”** means any information, which relates directly or indirectly to the Company and which if published, is likely to materially affect the price of Securities of the Company.

Explanation:

The following shall be deemed to be Price Sensitive Information:

- (i) Periodical audited or unaudited financial results of the Company, stand-alone or consolidated;
- (ii) Intended declaration of dividends (both interim and final);
- (iii) Issue of Securities or buy-back of Securities;

- (iv) Any major expansion plans or execution of new projects;
 - (v) Amalgamation, mergers or takeovers;
 - (vi) Disposal of the whole or a substantial part of the undertaking;
 - (vii) Any significant changes in policies, plans or operations of the Company;
- (m) **“Securities”** includes:
- (i) Shares, scrip’s, bonds, debentures, debenture stock or other marketable securities of a like nature, and
- (n) **“Specified Persons”**- the Directors, the Officers and the Designated Employees are collectively referred to as Specified Persons.
- (o) **“Working Day”** shall mean the working day when the regular trading is permitted on the concerned stock exchange where Securities of the Company are listed.

All terms used in this Code but not defined hereinabove shall have the meanings as prescribed to them under the Regulations or the Companies Act, 1956.

COMPLIANCE OFFICER:

The C.E.O/Managing Director shall be the Compliance Officer to ensure compliance and for effective implementation of the Regulations and also this Code across the Company.

In order to discharge his/her functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his/her function. In the performance of his/her duties, the Compliance Officer shall have access to all information and documents relating to the Company.

The Compliance Officer shall act as the focal point for dealings with SEBI in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.

DUTIES OF THE COMPLIANCE OFFICER:

The Compliance Officer shall be responsible for:

- setting forth policies
- Prescribing procedures for various activities referred to in the Code.
- monitoring adherence to the rules for the preservation of " *Price Sensitive Information* ".
- implementation of this Code
- The Compliance Officer shall maintain a record of the Specified Persons and their Dependents and changes thereto from time-to-time.

- The Compliance Officer shall assist all the Employees in addressing any clarifications regarding the Regulations and this Code.

Preservation of Price Sensitive Information:

All the Specified Persons shall maintain the confidentiality of all Price Sensitive Information (“PSI”) coming into their possession or control.

To comply with this confidentiality obligation, the Specified Persons shall not:

- i. pass on PSI to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities of the Company; or
- ii. disclose PSI to their family members, friends, business associates or any other individual, or
- iii. discuss PSI in public places, or
- iv. disclose PSI to any Employee who does not *need to know* the information for discharging his or her duties, or
- v. recommend to anyone that they may undertake Dealing in Securities of the Company while being in possession, control or knowledge of PSI, or
- vi. be seen or perceived to be Dealing in Securities of the Company on the basis of unpublished PSI.

Need to know:

The Specified Persons who are privy to unpublished PSI, shall handle the same strictly on a “*Need to Know*” basis. This means the unpublished PSI shall be disclosed only to those persons within the Company who need to know the same in the course of performance or discharge of their duty and whose possession of unpublished PSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

Limited access to confidential information:

The Specified Persons privy to confidential information shall, in preserving the confidentiality of information, prevent its wrongful dissemination, and adopt among others, the following safeguards:

- Files containing confidential information shall be kept secure.
- Computer files must have adequate security of login through a password.
- Follow the guidelines for maintenance of electronic records and systems as may be prescribed by the Compliance Officer from time-to-time in consultation with the person in charge of the information technology function.

UNDERTAKING:

An undertaking shall be executed in favour of the company by designated employee/director/officer incorporating, *inter alia*, with the following clauses:

(a) 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.

(b) That in case the employee/director/officer 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.

(c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.

(d) That he/she has made a full and true disclosure in the matter.

Pre Clearance Approval and Other Restrictions

All directors/officers/designated employees and their dependents whose dealings exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding whichever is lower would require pre-clearance . The order is to be executed within one week from receipt of clearance. If the order is not executed within one week after the approval is given, the employee/director would be required to take preclearance approval again.

TRADING WINDOW:

Other than the period(s) for which the Trading Window is closed as prescribed hereunder, the same shall remain open for Dealing in the Securities of the Company.

Unless otherwise specified by the Compliance Officer, the Trading Window for Dealing in Securities of the Company shall be closed for the following purposes-

- (a) Declaration of financial results (quarterly and annual),
- (b) Declaration of dividends (interim and final),
- (c) Issue of Securities by way of public/rights/bonus etc.,
- (d) Any major expansion plans or execution of new related diversifications,
- (e) Amalgamation, mergers, takeovers and buy-back,
- (f) Disposal of whole or substantially whole of the undertaking, and
- (g) Any significant changes in policies, plans or operations of the Company.

Trading Window shall remain closed 24 hrs prior to the date of the event and the Trading Window shall be opened 24 (Twenty-four) hours after the information referred to above is made public.

All the Specified Persons shall strictly conduct all their dealings in the Securities of the Company only when the Trading Window is open and no Specified Person shall deal in the Securities of the Company during the period the Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time-to-time.

Irrespective of the fact that the Trading Window is open, Specified Persons shall not, within six months of buying or selling any number of Securities of the Company, enter into an opposite transaction i.e. sell or buy, as the case may be, in any number of the Securities of the Company, except with the permission of the compliance officer and as provided under the Code.

Applicability and dealing procedures:

Any person who is a director or officer of a listed company shall disclose to the company the number of shares held by him and by his dependents as defined by the company, within two working days of becoming a director or officer of the company.

Any person who is a promoter or part of promoter group of a listed company shall disclose to the company the number of shares or voting rights held by such person, within two working days of becoming such promoter or person belonging to promoter group.

Any person who is a director or officer or promoter or part of promoter group of the company, shall disclose to the company and the stock exchange where the securities are listed the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents as defined by the company from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakhs in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

PENALTY FOR CONTRAVENTION:

Every Specified Person shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/her Dependents).

The Specified Persons who violate this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action .

Action taken by the Company for violation of the Regulations and the Code against any Specified Person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules /regulations.

CLARIFICATIONS:

For all queries concerning this Code, the Directors, Officers and Employees may please contact the Compliance Officer.

CODE OF CORPORATE DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

1.0 Corporate Disclosure Policy

1.1 To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed.

2.0 Prompt disclosure of price sensitive information

2.1 Price sensitive information shall be given to stock exchanges and disseminated on a continuous and immediate basis.

2.2 To consider ways of supplementing information released to stock exchanges by improving Investor access to their public announcements.

3.0 Overseeing and co-ordinating disclosure

3.1 To designate a senior official (such as compliance officer) to oversee corporate disclosure.

3.2 Compliance Officer shall be responsible for ensuring that the company complies with continuous disclosure requirements, overseeing and co-ordinating disclosure of price sensitive information to stock exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.

3.3 Disclosure/dissemination may normally be approved in advance by the official designated for the purpose.

3.4 If information is accidentally disclosed without prior approval, the person responsible may inform the designated officer immediately, even if the information is not considered price sensitive.

4.0 Responding to market Rumours

4.1 The company shall have clearly laid down procedures for responding to any queries or requests for verification of market rumours by exchanges.

4.2 The official designated for corporate disclosure shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure.

5.0 Timely Reporting of shareholdings/ownership and changes in ownership

- 5.1** Disclosure of shareholdings/ownership by major shareholders and disclosure of changes in ownership as provided under any Regulations made under the Act and the listing agreement shall be made in a timely and adequate manner.

Disclosure/dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors

- 6.0** To follow the guidelines given hereunder while dealing with analysts and institutional investors:—

- (i) *Only Public information to be provided* – To provide only public information to the analyst/research persons/large investors like institutions 80[.] Alternatively, the information given to the analyst should be simultaneously made public at the earliest.
- (ii) *Recording of discussion* - In order to avoid misquoting or misrepresentation, it is desirable that at least two company representatives be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.
- (iii) *Handling of unanticipated questions* – To be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. 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* – While organizing meetings with analysts, the company shall make a press release or post relevant information on its website after every such meet. The company may also consider live webcasting of analyst meets.

7.0 Medium of disclosure/dissemination

- (i) Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- (ii) Ensure that disclosure to stock exchanges is made promptly.
- (iii) To facilitate disclosure through the use of their dedicated Internet website.
- (iv) Company websites may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.
- (v) The information filed by corporates with exchanges under continuous disclosure requirement may be made available on the company website.

8.0 Dissemination by Stock Exchanges

- (i)* The disclosures made to stock exchanges may be disseminated by the exchanges to investors in a quick and efficient manner through the stock exchange network as well as through stock exchange websites.
- (ii)* Information furnished by the companies under continuous disclosure requirements, should be published on the website of the exchange instantly.
- (iii)* Stock exchanges should make immediate arrangement for display of the information furnished by the companies instantly on the stock exchange website.