

Shivalik Bimetal Controls Limited

Code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders (Regulation 9)

Definitions

- 1.1 "Act" means the Securities and Exchange Board of India Act, 1992.
- 1.2 "Board" means the Board of Directors of the Company.
- 1.3 "Code" or "Code of Conduct" shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of Shivalik Bimetal Controls Limited as amended from time to time;
- 1.4 "Company" means Shivalik Bimetal Controls Limited.
- 1.5 "Compliance Officer" means Company Secretary or such other senior officer, who is so designated and is financially literate and capable of appreciating requirements for legal and regulatory compliance under these regulations and would be reporting to the Board of Directors and 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board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 Company.

"Financially Literate" means a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account and statement of cash flows;

1.6 ***"Connected Person" means:**

- (i) *any person who is or has been, during the six months prior to the concerned act, associated with a company, in any capacity, directly or indirectly, 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, whether temporary or permanent, with the company, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.*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). a 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 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 relative or banker of the company, has more than ten per cent. of the holding or interest; or*
- (k). a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or*
- (l). a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d);*

- 1.7 **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;
- 1.8 **Designated persons(s)** shall include:
- All promoters of listed companies and promoters who are individuals
 - Key Managerial Personnel and Board of Directors
 - Key Managerial Personnel and Board of Directors and its material subsidiaries
 - Employees of such listed company on the basis of their functional role or access to unpublished price sensitive information in the organization.
 - Employees of material subsidiaries of such listed company designated on the basis of their functional role or access to unpublished price sensitive information.
 - any other support staff or member of Information Security team based on their access to Unpublished Price Sensitive Information
- 1.9 **"Fiduciaries"** refers to professional firms such as auditors, accountancy firms, law firms, analysts, consultants, banks etc., assisting or advising the companies.
- 1.10 **"Director"** means a member of the Board of Directors of the Company;
- 1.11 **"Employee"** means every employee of the Company including the Directors in the employment of the Company;
- 1.12 **"Generally available Information"** means information that is accessible to the public on a non-discriminatory basis;
- 1.13 **"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;

- 1.14 **"Insider"** means any person who is ,
(i) a connected person; or
(ii) in possession of or having access to unpublished price sensitive information;
- 1.15 **"Key Managerial Person"** means person as defined in Section 2(51) of the Companies Act, 2013;
- 1.16 **"Legitimate Purpose"** shall include sharing of unpublished price sensitive information 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, provided that such sharing has not being carried out to evade or circumvent the prohibition of SEBI (Prohibition of Insider Trading) Regulations, 2015;
- 1.17 **"Promoter"** 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;
- 1.18 **"Promoter Group"** shall have meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 1.19 **"Specified"** means specified by SEBI in writing;
- 1.20 **"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;
- 1.21 **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- 1.22 **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- 1.23 **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;
- 1.24 **"Unpublished Price Sensitive Information"** means any information, defined under Regulation 2(1)(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- 1.25 ***"relative" shall mean the following:**
(i) spouse of the person;
(ii) parent of the person and parent of its spouse;
(iii) sibling of the person and sibling of its spouse;
(iv) child of the person and child of its spouse;
(v) spouse of the person listed at sub-clause (iii); and
(vi) spouse of the person listed at sub-clause (iv)
- 1.26 **"Regulations"** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

1.27 **“Specified Persons”** means the Directors, connected persons, the insiders, the Designated persons(s) and the promoters and immediate relatives are collectively referred to as Specified Person(s).

2. 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, interpretations and the purpose respectively assigned to them in those legislation.

3. **Role of Compliance Officer**

3.1 Ms. Aarti Sahni, Company Secretary has been designated as the compliance officer to administer the code of conduct and monitor compliance with these regulations. She shall report 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 of Directors at such frequency as may be stipulated by the Board of Directors but not less than once in a year.

3.2 The Compliance Officer shall be responsible for the assessment, approval and monitoring of Trading Plans and notifying the same to the stock exchanges on which Securities are listed.

3.3 She shall maintain a record of trading window from time to time.

3.4 The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company’s Code of Conduct.

4. **Preservation of “unpublished Price Sensitive Information”**

4.1 All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be sought/ procured from an insider and/or communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations.

Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company; or
- not attracting the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all

relevant and material facts.

However, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the above purpose, and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

Further, the board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom/which information is shared for the above purpose along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

4.2 Need to Know:

- (i) “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.
- (ii) All non-public information directly received by any employee should immediately be reported to the head of the department.

4.3 Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

5. Prevention of misuse of “Unpublished Price Sensitive Information”

- 5(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.

Provided that the insider may prove his innocence by demonstrating the circumstances including the following:-

- (i) The transaction is an off-market *inter-se* transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of the Regulations and Company’s Code of Conduct and both parties had made a conscious and informed trade decision;

Provided further that such off-market trades shall be reported by the insiders to the company within two trading days. The company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.

- (ii) the transaction was carried out through the block deal window mechanism between

persons who were in possession of the unpublished price sensitive information without being in breach of the Regulations and Company's Code of Conduct and both parties had made a conscious and informed trade decision;

- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- (v) In the case of non-individual insiders :-
 - (a) The individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decision and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
 - (b) Appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- (vi) The trades were pursuant to a trading plan set up in accordance with the Regulations and Company's Code of Conduct.

5(2) Employees and connected persons designated on the basis of their functional role ("**Designated persons**") in the Company shall be governed by an internal code of conduct governing dealing in securities.

5(3) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the SEBI.

5(4) SEBI may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

6. Chinese Wall

- (a) To prevent the misuse of confidential price sensitive information, the Company shall adopt a "Chinese Wall" policy separating those areas of the Company which routinely have access to such confidential information which shall be considered as "sensitive areas", and other departments providing support services which shall be considered as "other areas".

- (b) The employees engaged in the sensitive area shall not communicate any Price-Sensitive Information to anyone in the other area.

In exceptional circumstances employees from the other areas could be allowed to “cross the wall” and obtain confidential information only on “need- to-know” basis only.

7. Trading Plan

- 7.1 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 in accordance with such plan.

Such Trading Plan shall:

- 7.1.1 not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
 - 7.1.2 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;
 - 7.1.3 entail trading for a period of not less than twelve months;
 - 7.1.4 not entail overlap of any period for which another trading plan is already in existence;
 - 7.1.5 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
 - 7.1.6 not entail trading in securities for market abuse.
- 7.2 The Compliance Officer shall consider the Trading Plan made as above 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 provisions of the Regulations.
- 7.3 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.

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

8 Trading Window and Window Closure

8.1 The trading window shall be closed when the Compliance Officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information.

- (i) The trading period, i.e. the trading period of the stock exchanges, called 'trading window', is available for trading in the Company's securities.
- (ii) The trading window shall be, inter alia, closed 7 days prior to and during the time the unpublished price sensitive information is published.
- (iii) When the trading window is closed, the Specified Persons shall not trade in the Company's securities in such period.
- (iv) 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, as referred to in Point No. (ii) above or during any other period as may be specified by the Company from time to time.
- (v) 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 is closed.

8.2 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.

8.3 The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.

8.4 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.

9 Pre-clearance of trades

All Specified Persons who intend to deal in the securities of the Company when the trading window is opened should pre-clear the transaction. However, no designated person shall be entitled to 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 and hence he shall not be allowed to trade. The pre-dealing procedure shall be hereunder:

- (i) An application may be made in the prescribed Form (Annexure 1) to the Compliance officer indicating the estimated number of securities that the Specified Employee 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.

- (ii) An undertaking (Annexure 2) shall be executed in favour of the Company by such Specified Employee incorporating, *inter alia*, the following clauses, as may be applicable:
 - (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 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.
 - (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.
- (iii) 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).
- (iv) If the order is not executed within seven days after the approval is given, the employee/director must pre-clear the transaction again.

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.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

- (v) 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.

Other Restrictions

9.1 The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

9.2 The disclosures of trading in securities shall also include trading in derivatives of

securities and the traded value of the derivatives shall be taken into account for purposes of this Code.

9.3 The disclosures made under this Code shall be maintained for a period of five years.

10 Policy relating to Sharing of information pursuant to Legitimate purpose

- a. Any person in receipt of Unpublished Price Sensitive Information pursuant to legitimate purpose shall be considered Insider for the purpose of this code.
- b. Advance Notice shall be served upon such person by way of e-mail/letter to maintain confidentiality while in possession of such Unpublished Price Sensitive Information.
- c. Such person has to ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and the code.
- d. Files containing confidential information shall be kept fully secured. Computer files must have adequate security of login and password etc.

11 Reporting Requirements for transactions in securities

A Initial Disclosure

- i) Every promoter/ 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 the prescribed Form.
- ii) Every person on appointment as 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 appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter.

B Continual Disclosure

Every promoter, Designated person(s) 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 or such other value as specified under these regulations.

The disclosure shall be made within 2 trading 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

C Disclosure by other connected persons

Any other connected person or class of connected persons to make disclosure of holdings and trading in securities of the Company in prescribed form.

12 Disclosure by the Company to the Stock Exchange(s)

- a) Within 2 trading days of the receipt of intimation under Clause 11(B), the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed the information received.
- b) 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.

13 Dissemination of Price Sensitive Information

13.1 No information shall be passed on by Specified Persons by way of making a recommendation for the purchase or sale of securities of the Company.

13.2 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

- 13.2.1 Only public information to be provided.
- 13.2.2 At least two Company representatives be present at meetings with analysts, media persons and institutional investors.
- 13.2.3 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.
- 13.2.4 Simultaneous release of information after every such meet.

14. Mechanisms for Prevention of Insider Trading:

The Compliance officer and the head of Internal audit in consultation with the managing director and the chief financial officer of the company shall put in place an adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.

The internal controls shall include, inter alia, the following:

- A) Identification of the designated persons from time to time who may have the UPSI.
- B) Providing clarification to designated persons to clarify which information will constitute UPSI, as When asked for. Adequate circulation of this code

Maintenance of structured digital database containing the names of such persons or entities as the

case may be with whom UPSI is shared along with the Permanent Account Number or any other identifier authorised by law where Permanent Account Number is not available. Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Process review at regular intervals to evaluate effectiveness of such internal controls.

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

16 Penalty for Insider Trading and Contravention of the Code

A. Under Section 15G of the SEBI Act, any Insider who:

- i. either on his own behalf or on behalf of any other person, deals in securities of the Company on the basis of any unpublished price sensitive information; or
- ii. communicates any unpublished price- sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or
- iii. counsels, or procures for any other person to deal in any securities of the Company on the basis of unpublished price-sensitive information,

shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

B. Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, claw back, recovery, ineligibility for future participation in employee stock option plans, etc. Any amount recovered from the Designated Persons as above shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI.