

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

(Amended code w.e.f. 1st April, 2019)

1. Introduction

The Board of Directors of Shri Dinesh Mills Limited (“the Company”), has adopted this new “Code of Conduct for Prevention of Insider Trading” (the “Code”) to regulate, monitor and report trading by insider in place of the existing Code of Conduct for prevention of Insider Trading with reference to the SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018. This Code will be applicable from April 1, 2019.

2. Objective

The objective of this Code is to regulate, monitor and report trading by insider to ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 (including amendments thereof).

3. Definitions

- (a) “Act” means the Securities and Exchange Board of India Act, 1992 and any amendment(s) thereto.
- (b) “Board” means the Securities and Exchange Board of India.
- (c) “Code” means Code of Conduct to regulate, monitor and report trading by insider, approved by the Board of Directors of the Company in terms of Regulation 9 and as amended from time to time.
- (d) “the Company” means Shri Dinesh Mills Limited.
- (e) “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 UPSI, 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 or the Head of an Organization, as the case may be.
- (f) “Connected Person” shall mean such persons as defined under the Regulations.
- (g) “Designated Person” shall mean:
 - i. Promoters.
 - ii. Chief Executive Officer / Managing Director / Directors /Whole Time Director/Manager (if any)

- iii. Chief Financial Officer.
 - iv. Company Secretary.
 - v. Internal Auditor
 - vi. Any other person designated on the basis of their functional role and have access to unpublished price sensitive information as may be decided by Chairman & Managing Director of the Company pursuant to PIT Regulations.
- (h) "Generally Available Information" means information that is accessible to the public on a non-discriminatory basis.
- (i) "Immediate Relative" means a spouse of a person, and includes parent, sibling, and child of connected person or of the spouse, any of whom is either dependent financially on connected person, or consults connected person in taking decisions relating to trading in securities.
- (j) "Insider" means any person who is:
- a connected person; or
 - in possession of or having access to unpublished price sensitive information.
- (k) "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.
- (l) "Promoter Group" 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.
- (m) "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund.
- (n) "specified" means specified by the Board in writing.
- (o) "Stock Exchanges" mean BSE Limited where the equity shares of the Company are presently listed/ or any other recognized Stock Exchanges where the securities of the Company will be listed.
- (p) "Takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- (q) "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- (r) "Trading day" means a day on which the recognized Stock Exchange(s) are open for trading.

- (s) "Trading Plan" means a duly formulated Trading Plan which, once approved by Compliance Officer and notified to the Stock Exchange(s) for public disclosure, will entitle an Insider, to carry out the trade in Securities of the Company in accordance with the Trading Plan.
- (t) "Trading Window" means trading period for trading in Company's Securities.
- (u) "Unpublished Price Sensitive Information" ("UPSI") 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:
- Financial Results.
 - Dividends.
 - Change in capital structure.
 - Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions.
 - Changes in key managerial personnel.

Words and expressions used and not defined in this Code but defined in the, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations.

4. Restriction on communication and trading by Insiders.

Communication or procurement of unpublished price sensitive information:

- (1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person, including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- (2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- (3) Notwithstanding anything contained in this regulation, unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction pursuant to Regulation 3 of PIT Regulations.
- (4) For purposes of point (3) above, 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 purpose of point (3) above, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

5. Trading Plan

- (1) An Insider shall be entitled to formulate a Trading Plan and present it to the Compliance Officer for approval and public disclosure. A copy of application to be submitted to the Company as per **Annexure – A**.
- (2) 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
- (3) The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. A copy of the approval letter as per **Annexure – B**.

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.

- (4) 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.

Provided that the implementation of the Trading Plan shall not be commenced if any UPSI in possession of the Insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such UPSI becomes generally available information so as to avoid violation of sub-regulation (1) of Regulation 4 of SEBI (Prohibition of Insider Trading) Regulations, 2015.

- (5) Upon approval of the Trading Plan, the Compliance Officer shall notify the plan to the Stock Exchange(s) on which the Securities are listed.

6. Trading when in possession of UPSI

No insider shall trade in securities when in possession of UPSI:

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

- (1) 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 regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every 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.

- (2) 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 regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

- (3) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

- (4) 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.

- (5) in the case of non-individual insiders:
- (i) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade and
 - (ii) 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
- (6) the trades were pursuant to a trading plan set up in accordance with Regulation 5.

7. Trading when not in possession of UPSI

- (1) All the Insiders and Designated Persons, while they are not in possession of UPSI may trade in the Company's Securities when Trading Window is open.
- (2) All the Insiders and Designated Persons are required to obtain pre-clearance of trade, as per **Annexure – C**, from the Compliance Officer of the Company if the value of transaction to be executed by them exceeds Rs.10,00,000 (Rupees Ten Lacs Only).
- (3) Approval for pre-clearance of Trade shall be given by Compliance Officer as per **Annexure – D**.
- (4) While applying for pre-clearance of trade, all the Insiders and Designated Persons are required to give a declaration to the effect that he/she is not in possession of any UPSI.
- (5) The trade, once it is pre-cleared by the Compliance Officer, will have to be executed by the Insiders and Designated Persons within a period of Seven (7) trading days failing which fresh pre-clearance will have to be obtained for the trades to be executed. Once the trade is executed, the Insiders/Designated Persons shall inform the Compliance Officer as per **Annexure – E**.
- (6) If the Insider / Designated Persons decides not to trade after obtaining pre-clearance from the Compliance Officer, he/she shall immediately inform the Compliance Officer as per **Annexure – F**.
- (7) Once the Trade is executed by the Insider / Designated Persons, he/she will not execute a Contra-trade for a period of six months. However, in case of emergencies, the application (**in the format given at Annexure – G**) has to

be made to the Compliance Officer who may grant relaxation from strict application of such restriction for reasons to be recorded in writing. The Compliance Officer shall however, ensure that such relaxation does not violate the Regulations.

- (8) If a Contra-trade has been executed, inadvertently or otherwise, in violation of above clause, the profits from such trade shall be collected from the concerned Insider / Designated Person shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- (9) In the case of ESOPs, exercise of option may be allowed in the period when the Trading Window is closed. However, sale of Securities allotted on exercise of ESOPs shall not be allowed when Trading Window is closed.
- (10) In the case of Rights Issue, all the Insiders and the Designated Persons may subscribe their rights entitlement even when Trading Window is closed. However, subscribing to rights renounced in their favour shall not be allowed when Trading Window is closed.
- (11) Trading Window shall remain closed pursuant to PIT Regulations upon happening of the UPSI related events which may have effect on the share price of the Company and the Trading Window will again be opened 48 hours after the information is made public.

8. Code of Internal Procedures and Conduct

- (1) Compliance Officer:
 - (i) The Compliance Officer shall report to the Board of Directors and in particular provide report to the Chairman of Audit Committee for the purpose of compliance with the SEBI (Prohibition of Insider Trading) Regulation, 2015, once in a year.
 - (ii) The Compliance Officer shall be responsible for setting both Codes, for adherence of the rules for prevention of Insider Trading, pre-clearing of Designated Persons' and their dependents' and Connected Person's trades, monitoring of trades and implementation of this Code under overall supervision of the Board.
 - (iii) The Compliance Officer shall maintain record of Designated Persons and changes thereof.
 - (iv) The Compliance Officer shall approve and notify Trading Plan to the Stock Exchanges on which securities are listed in accordance with this Code.
- (2) All information shall be handled within the organization on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.

(3) The disclosures to be made by any person shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

(4) 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 Chapter:

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

(5) Designated Persons and immediate relatives of designated persons in the organization shall be governed by this Code while dealing in securities of the Company.

(6) Designated persons may execute trades subject to compliance with these regulations.

9. Disclosure by Certain Persons:

A. Initial Disclosure

(1) Every Promoter, member of the promoter group, Key Managerial Personnel and Director of the Company shall disclose his holding of Securities of the Company as on 15th May, 2015 to the Company within thirty days from 15th May, 2015 in the format prescribed under PIT Regulations.

(2) Every person on being appointed as a Key Managerial Personnel and Director of the Company or upon becoming a promoter or member of the promoter group shall disclose his holding of Securities of the Company as on date of appointment of becoming a Promoter, to the Company within seven days of such appointment of becoming a Promoter in the in the format prescribed under PIT Regulations.

B. Continual Disclosure

(1) Every Promoter, member of the promoter group, designated person 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 ten lakh rupees or such other value as may be specified from time to time in the format prescribed under PIT Regulations.

(2) The Company shall notify the particulars of such trading to the Stock Exchanges within two trading days of receipt of the disclosure or from becoming aware of such information in the format prescribed under PIT Regulations.

10. Disclosures by other Connected Persons

The Company may, at its discretion, require any other Connected Person or class of connected persons, to make disclosures of holdings and trading in Securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with this Code.

11. Maintenance of Records of Disclosures

The Compliance Officer shall maintain records of all the above disclosures in an appropriate form for a minimum period of 5 (five) years from the date of the filing thereof.

12. Dealing in case of suspected leak or leak of Unpublished Price Sensitive Information (UPSI)

i) Inquiry for Leakage of UPSI

All UPSI shall be handled on a need to know basis only. In case of any UPSI is proposed to be provided, the person proposing to provide the information shall consult Company Secretary & Compliance officer / Chief Financial Officer / Chairman and Managing Director in advance.

In case any UPSI is leaked or is suspected to be leaked by any insider, the Compliance officer will investigate the matter and collect / gather the evidences and will report to the Chairman of Audit Committee. The Chairman of the Audit Committee will thereafter convene meeting of Audit Committee depending on severity of the matter.

ii) Process for inquiry

All the matters concerning leak of UPSI or suspected leak of UPSI, will be thoroughly investigated by Compliance officer / Chief Financial Officer. Such Compliance officer / Chief Financial Officer may at their discretion, consider involving external investigators for the purpose of the investigation.

The Compliance officer / Chief Financial Officer may ask the concerned insider to remain present for investigation, discussion etc. and for such investigation task team may ask for personal bank account statement or such other details or documents as it deems fit.

iii) Report to Audit Committee for appropriate action

The Compliance officer will report to the Chairman of the Audit Committee and upon receipt of report by the Chairman, he will convene meeting of the Audit Committee, depending on severity of the matter. The Audit Committee based on such report may decide the suitable action including but not limited to withholding of salary / termination of employment / monetary penalty.

13. Sanction / Penalty for Violation / Non-compliance

Depending upon the severity of the violation / non-compliance with the Code by the Insider / Designated Person, the Board of Directors shall impose sanction / penalty and disciplinary actions, including wage freeze, suspension, recovery, clawback etc. at their discretion.

14. Communication of this Code

A copy of this Code and every amendment thereto shall be promptly intimated to the Stock Exchange(s). A copy of this Code shall be handed over to the Directors and all the Designated Persons within one month from the date of approval by the Board. This Code shall also be posted on the website of the Company.

15. Amendment

Any change in this Code shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Code or replace the entire Code, at any time, as it deems fit, or from time to time or pursuant to amendment in PIT Regulations and the decision of the Board in this respect shall be final and binding.

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Annexure - A
Application for approval of Proposed Trading Plan

To
The Compliance Officer
SHRI DINESH MILLS LIMITED
P. B. No. 2501, Padra Road, Vadodara – 390 020

Sub: Application for approval of Proposed Trading Plan

Dear Sir,

I / we am / are holding ____ equity shares of Rs.10/- each in the Company and hereby submit my / our proposed trading plan for trading in equity shares of the Company during the period when the Trading Window is open, for your consideration and approval.

Sr. No	No. of Equity Shares	Plan for Purchase or Sell month wise details	Indicative price range	Remark

I/We request you to approve my / our proposed Trading Plan.

Thanking you,

Yours faithfully,

Name:
Designation:

Annexure - B
Approval of Trading Plan

To

Sub: Your Application for approval of Trading Plan

Dear Sir/ Madam,

With reference to your above application requesting to approve your proposed Trading Plan for trading in equity shares of the Company as per the details mentioned therein, I/We have examined the Trading Plan submitted by you and give you the approval for trading in equity shares of the Company when trading window is open.

Sr. No.	No. of Equity Shares	Plan for Purchase or Sell month wise details	Indicative price range	Remark

Please note the Trading Plan as approved is required to be implemented by you mandatorily in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015 and you are also required to abide by requirements of disclosure of change in your holding.

Please note that a copy of approved Trading Plan is submitted by us to the Stock Exchanges where Securities of the Company are listed.

Thanking you,

Yours faithfully,
For SHRI DINESH MILLS LIMITED,

Compliance Officer

Annexure - C
Application for pre-clearance of trade SEBI (PIT) Regulations, 2015
(When dealing in Securities beyond the threshold limit)

To
The Compliance Officer
SHRI DINESH MILLS LIMITED
P. B. No. 2501, Padra Road,
Vadodara – 390 020

Dear Sir,

Sub: Pre-clearance of trade

Ref: DP's name: _____
DP ID: _____ CLIENT ID: _
Name of Insider: _____
Address: _____

Your approval is solicited for purchase/sale of _____ equity shares of Rs.10/- each of the Company in dematerialized form.

I state on solemn affirmation:

1. that I am Director / employee / of the Company who may reasonably be expected to have an access to UPSI in relation to the Company.
2. that I intend to purchase/sale _____ equity shares of the Company in Demat form immediately on receipt of clearance for trade.
3. that I am aware of the code of conduct for Prohibition of Insider Trading (PIT) and that the provisions are applicable to me.
4. that at this point of time, Trading Window is open and I am permitted to trade in equity shares of the Company.
5. that I do not have access to the UPSI and also have not received UPSI till today.
6. that in case I have access to the price sensitive information or receive it after signing this undertaking, I shall inform the change and refrain from dealing in equity shares till the information becomes public.
7. that I have not contravened the code of conduct for prevention of Insider Trading as notified by the Company.
8. that whatever is stated above is true and correct to the best of knowledge and nothing has been concealed.

Yours truly,

Name:
Designation:

Note: You are requested to use the above format for preclearance of trade of your dependents i.e. dependent parents, dependent spouse, and dependent children

Annexure - D
Pre-clearance Trade

To,

Sub: Your Application for Pre-clearance of trade Dear Sir/Madam,

With reference to your application for approval of Trade in the equity shares of the Company, your application is considered and based on the undertaking given by you, the proposed trade is approved.

This approval is valid for seven (7) trading days, or till your access to UPSI, whichever is earlier.

Thanking you,

Yours faithfully,
For SHRI DINESH MILLS LIMITED,

Compliance Officer

Annexure - E
Completion of Trade

To
The Compliance Officer
SHRI DINESH MILLS LIMITED
P. B. No. 2501, Padra Road,
Vadodara – 390 020

Sub: Completion of Trade w.r.t. approved Pre-clearance of trade dated _____
Ref.: Folio No. _____ / DP Id CI Id _____

Dear Sir,

With reference to above, this is to inform you that the trade for purchase / sale equity shares of Company cleared by you vide No. _____ dated _____ has been completed.

The details required are as under:

DP's name: _____

Folio No. / DP Id/CI Id: _____

(state if the equity shares are purchased for the first time.)

I will hold the shares purchased/ not buy the shares for a period of 6 months from the date of completion of deal.

Thanking you,

Yours faithfully,

Name:
Designation:

Annexure - E

Intimation about non-execution of Trade after seeking pre-clearance

To
The Compliance Officer
SHRI DINESH MILLS LIMITED
P. B. No. 2501, Padra Road,
Vadodara – 390 020

Sub: Non-execution of Trade after obtaining Pre-clearance of trade vide letter dated _____

Ref.: Folio No. / DP Id CI Id

Dear Sir,

With reference to above, this is to inform you that you had approved my application for trade in the equity shares of the Company vide your letter dated _____. I wish to inform you that I could not execute the Trade on account of _____(state the reason for non- execution of Trade)

Thanking you,

Yours truly,

Name:

Designation:

Annexure - G
Application for waiver of minimum holding period

To
The Compliance Officer
SHRI DINESH MILLS LIMITED
P. B. No. 2501, Padra Road,
Vadodara – 390 020

Sub: Waiver of minimum holding period

Ref.: Your Pre-clearance dated _____

Folio No. _____ / DP Id CI Id _____

Dear Sir,

I/my dependent family member (state name & relation) had purchased equity shares of the Company vide pre-clearance dated _____ on _____ (date of completion of deal)

On account of _____ (state reason for selling) I wish to sell these equity shares of the Company within the minimum holding period.

Your approval is solicited.

Thanking you,

Yours truly,

Name:
Designation: