

# **Code of conduct (Insider Code) for regulating, monitoring and reporting of trading of securities of Savera Industries Limited by the Insiders under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015.**

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The Securities and Exchange Board of India (Prohibition of Insider Trading ) Regulations, 2015, came into force on 15<sup>th</sup> May, 2015 (hereinafter referred to as the “Regulations”). In terms thereof, the Company is required, among other things, to frame a code of conduct to regulate, monitor and report trading of securities by Insiders.

In compliance with the said Regulations, the following “ Insider Code” was adopted by the Board of Directors of the Company at its meeting held on 29<sup>th</sup> May, 2015 and thereafter the same will be modified wherever necessary.

## I. Preliminary

### 1.1 Short Title and Commencement

- a) This Code is called Savera Industries Limited code of conduct (Insider Code) for regulating, monitoring and reporting of trading of securities by insiders.
- b) This Code is made pursuant to Chapter IV Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- c) It shall come into force on 15<sup>th</sup> May, 2015.
- d) This Code is applicable to all employees, designated employees, their dependent family members, immediate relatives, connected persons, promoter and promoter group of the company.

## 2. Key Definitions

- a) “Act” means the Securities and Exchange Board of India Act,1992 .
- b) “Board” means Securities and Exchange Board of India.
- c) “Code” means Savera Industries Limited, Code of conduct (Insider Code) for regulating, monitoring and reporting of trading of securities of Savera Industries Limited by insiders.
- d) “Company” means Savera Industries Limited
- e) “connected person” means

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -

- (a) An immediate relative of connected persons specified in clause (i); or
- (b) A holding company or associate company or subsidiary company; or
- (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 the 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 recognized or authorized by the Board; or
- (i) A banker of the company; or
- (j) A concern, firm, trust, Hindu Undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten percent of the holding or interest;

Note: It is intended that a connected person is one who 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 specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of

any connection that would put them in possession of unpublished price sensitive information.

- f) "Designated employees" shall cover the following:  
All directors whether executive, non-executive or independent  
Chief Financial Officer ,  
Company Secretary ,  
General Manager &  
All the Heads of the Departments,  
All employees working in the Accounts Department and  
Such other employees as may be determined by the Company from time to time.
- 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;  
Note: It is intended that the immediate relatives of a "connected person" too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption.
- i) "insider" means any person who is:  
i) A connected person; or  
ii) In possession of or having access to unpublished price sensitive information.  
Note:  
Since " generally available information" is defined, it is intended that any one in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.
- j) "Promoter" shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.
- k) "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.

- l) "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities and "trade" shall be construed accordingly.
- m) "trading day" means a day on which the recognized stock exchanges are open for trading.
- n) "unpublished price sensitive information" means any information relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:-
  - (i) Financial results;
  - (ii) Dividends;
  - (iii) Change in capital structure
  - (iv) Mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (v) Changes in key managerial personnel; and
  - (vi) Material events in accordance with the listing agreement.

Note:

It is intended that the information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information..

All the other terms used in the Insider Code shall have the same meaning as assigned to them under the Regulations.

### 3. 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.

Note: This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to

organizations developing practices based on need-to-know principles for treatment of information in their possession.

- 2) No person shall procure from or cause the communication by an 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.

Note: This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.

- 3) Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-
  - (i) Entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company.

Note: It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all the shareholders in the letter of offer under those regulations.

- (ii) Not attract 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 the proposed transaction 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.

Note: It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations if it is in the best interests of the company. The board of directors, however, would cause public disclosures

of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.

- 4) For the purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties shall keep information so received confidential, except for the purpose of sub-regulation(3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

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

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 promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 of SEBI regulations and both the parties had made a conscious and informed trade decision.
- (ii) 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 decisions 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.
- (iii) The trades were pursuant to a trading plan set up in accordance with regulation 5.

Note: When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.

2. 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 Board.
3. The Board may specify such standards and requirements, from time to time, as it may deem necessary, for the purpose of regulations of SEBI.

#### 5. Compliance Officer

- (a) The compliance officer is the Company Secretary and in his absence, any senior person as the Board appoints for the purpose and he is responsible for compliance with the 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.
- (b) The compliance officer shall report to the Board of Directors 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 frequent intervals as the Board of Directors of the company stipulates.
- © The compliance officer shall assist all the employees in addressing any clarifications regarding Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the company's Code of conduct (Insider Code) for regulating, monitoring and reporting of trading of securities by insiders.

#### 6. Trading Plans

- (i) 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.
- (ii) (a) Such trading plan shall not entail commencement of trading on behalf of the insider earlier than six months from public disclosure of the plan.

(b) Such trading plan shall 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.

© Such trading plan shall entail trading for a period of not less than twelve months.

(d) Such trading plan shall not entail overlap of any period for which another trading plan is already in existence.

(e) Such trading plan shall 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.

(f) Such trading plan shall not entail trading in securities for market abuse.

(iii) 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.

(iv) 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 unpublished price sensitive information 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 unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation(1) of regulation 4 of SEBI regulations.

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

## 7. Trading Disclosures

1. Every public disclosure shall be made in the form prescribed for the purpose.
2. The disclosures to be made by any person under this clause shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

3. 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 the purpose of this clause.

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

4. The disclosures made under this clause shall be maintained by the company, for a minimum period of five years in such form as may be specified.

#### 8. Disclosure by certain persons

##### (1) Initial Disclosures.

- (a) Every promoter, key managerial personnel and director of the company shall disclose his holdings of securities of the company as on the date of these regulations taking effect, to the company within thirty days of SEBI regulations taking effect in the prescribed form.
- (b) Every person on appointment as a 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 in the prescribed form.

##### (2) Continual disclosures

- (a) Every promoter, employee 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.10,00,000/- or such other value as may be specified(Threshold specified) in the prescribed form.
- (b) The company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation – It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-clause, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) above clause (2).

##### (3) 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 these SEBI regulations.

(9) Restrictions on Trading

- All designated employees , their immediate relatives, persons having contractual or fiduciary relation with the company such as auditors, law firms, analysts, consultants, assisting or advising the company, shall not buy/sell securities of the company during closure of the "Trading Window", i.e., the period during which trading in the securities of the Company is prohibited.

(10) Trading Window

(i) The company shall specify the trading period which is to be called "Trading Window" for trading in the company's securities. The Trading Window shall be closed during the time the information referred to in clause 10 (iii) is unpublished.

(ii) When the trading window is closed, all designated employees , their immediate relatives, persons having contractual or fiduciary relation with the company such as auditors, law firms, analysts, consultants, assisting or advising the company, shall not buy/sell securities of the company during closure of the "Trading Window", i.e., the period during which trading in the securities of the Company is prohibited.

(iii) The Trading window shall be, amongst other things, closed at the time of :-

- a) Declaration of Financial results (quarterly, half-yearly and annual)
- b) Declaration of dividends (interim and final)\
- c) Issue of securities by way of public/rights/bonus
- d) Any major expansion plans or execution of new projects
- e) Amalgamation, mergers, takeovers and buy-back
- f) Disposal of whole or substantially whole of the undertaking
- g) Any changes in policies, plans or operations of the company which is price sensitive.

The trading window shall be closed 7 calendar days prior to and forty eight hours after the information becomes generally available.

All designated persons and their immediate relatives shall conduct all their trading in the securities of the company only during 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 trading window is closed, as mentioned in clause 10 (iii) or during any other period as may be specified by the company from time to time.

#### (11) Procedure for pre-clearance of Trades

- (i) All designated employees and their immediate relatives who propose to trade in the securities of the company (above a minimum threshold limit of Rs.1,00,000/- whether in one transaction or a series of transactions over any calendar month) should pre-clear the transactions according to the pre-clearance procedure furnished hereunder.
- (ii) An application shall be made in the specified form to the Compliance Officer indicating the total estimated number of securities that the designated persons and /or their immediate relatives propose to trade in, the details as to the depository with which the designated persons and their immediate relatives 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.
- (iii) An undertaking shall be executed in favour of the company by the concerned designated persons and /or their immediate relatives incorporating, among other things, the following clauses, as may be applicable.
  - a) That the designated person and/or his immediate relatives does not have any access or has not received Unpublished Price Sensitive Information up to the time of signing the undertaking.
  - b) That in case the designated person and/or his immediate relatives has access to or receives Unpublished 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 trading 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.
- (iv) No designated person or his immediate relative shall apply for pre-clearance of any proposed trade if such designated persons and /or his immediate relatives is in possession of Unpublished Price Sensitive Information even if the trading window is not closed.
- (v) The concerned designated person shall intimate to the Compliance Officer in the specified form of the details of trades executed by him and /or his immediate relatives in the securities of the company (above a minimum threshold limit of Rs.1,00,000/- whether in one transaction or a series of transactions over any calendar month) within two trading days of such execution.
- (vi) The concerned designated person shall intimate to the Compliance Officer in the prescribed form, of his or his immediate relative(s) decision of not trading in the securities of the company after securing pre-clearance. Such intimation shall be given within two trading days after the expiry of seven trading days after approval of pre-clearance is given.

#### (12) Other restrictions

(i) All designated persons and their immediate relatives shall execute their order in respect of securities of the company within seven trading days after the approval of pre-clearance is given. If the order is not executed within seven trading days after the approval is given, the concerned designated person and /or his immediate relatives should again apply for pre-clearance of the transaction.

(ii) All designated persons and their immediate relatives who buy or sell any number of shares of the company shall not execute a contra trade during the next six months following the prior transaction. Should a 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 Board for credit to the Investor Education and Protection Fund administered by SEBI under the SEBI Act

(iii) In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the compliance officer after recording in writing his/her reasons in this regard.

### (13) Chinese Wall

To prohibit the misuse of confidential information, the company shall adopt a "Chinese Wall" policy which separates those areas of the company which routinely have access to confidential information, considered "inside areas" from those areas which deal with sales/marketing or other departments providing support services, considered "public areas".

The employees in the inside area shall not communicate any Price Sensitive Information to any person in public area.

The employees in inside area may be physically segregated from employees in public area.

Demarcation of the various departments as inside area may be implemented by the company.

In exceptional circumstances, employees from the public areas may be brought over the wall and given confidential information strictly on the basis of need to know basis under intimation to the compliance officer.

### (14) Records

The compliance officer shall maintain records of all the declarations made in the appropriate form for a minimum period of 5 years.

The compliance officer shall also maintain a record of the designated employees and any changes made in the list of the designated employees.

The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.

### (15) Penalties for contravention

- (i) Persons governed by this Code who trade in securities or communicate any information for trading in securities in contravention of the provisions of this code shall be penalized and appropriate action may be taken by the company.
- (ii) Persons governed by this Code who violate the provisions of the Code shall be subject to disciplinary action by the company which may include wage freeze, suspension, and ineligibility for future participation in employees stock option scheme etc.,
- (iii) It is hereby clarified that notwithstanding any penal action taken by the company, it shall not in any way preclude SEBI from taking any action in violation of the Regulations or any other applicable laws and enactments.
- (iv) Any material contravention of the Insider Code shall be placed before the stakeholder's relationship committee (SRC) and actions shall be initiated with due consultation with the Managing Director (MD) and stakeholder's relationship committee of the company.
- (v) Further, in case it is observed by the Board of Directors of the company that there has been a violation of these regulations, the Board of Directors of the company shall inform the Securities and Exchange Board of India promptly.

#### (16) Authority to make alterations

The Board of Directors are authorised to make such alterations to this code as considered appropriate, subject, however, to the condition that such alterations shall not be inconsistent with the provisions of the SEBI (Prohibition of Insider Trading) Regulations 2015.

#### (17) General

A copy of the Regulations is enclosed. All covered persons under this code are advised to peruse the Regulations carefully and acquaint themselves with all the provisions contained therein.

Chairman of the Meeting