

# SIL INVESTMENTS LIMITED

## CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS

### 1. Definitions

- a) “**Act**” means the Securities and Exchange Board of India Act, 1992.
- b) “**Board**” means the Board of Directors of the Company.
- c) “**Code**” or “**Code of Conduct**” shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of SIL Investments Limited as amended from time to time.
- d) “**Company**” means SIL Investments Limited.
- e) “**Compliance Officer**” means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations designated so and reporting to the Board of Directors and who 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board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.
- f) “**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whether temporary or permanent, with the Company, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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,-
    - i. a relative of connected persons specified in clause (I); or
    - ii. a holding company or associate company or subsidiary company; or
    - iii. an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
    - iv. an investment company, trustee company, asset management company or an employee or director thereof; or
    - v. an official of a stock exchange or of clearing house or corporation; or

- vi. 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
  - vii. 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
  - viii. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
  - ix. a banker of the Company; or
  - x. a concern, firm, trust, hindu undivided family, company or association of persons wherein a director of the Company or his relative or banker of the Company, has more than ten per cent, of the holding or interest; or
  - xi. a firm or its partner or its employee in which a connected person specified in sub-clause (iv) of clause (l) is also a partner; or
  - xii. a person sharing household or residence with a connected person specified in sub-clause (iv) of clause (l)
- g) **“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.
- h) **“Designated Persons”** means and includes:
- a. All Promoters including Promoter group, Directors and Key Managerial Personnel,
  - b. Personal secretaries of Key Managerial Personnel,
  - c. Employees of the Company comprising the top tiers of the Company’s management below the Board of Directors i.e. upto Associate / Assistant Vice President,
  - d. All the employees not covered above, who are working at the level of Manager or above in the following departments of the Company:
    - (I) Finance & Accounts Department, and
    - (II) Legal & Secretarial Department,
  - e. Any other person, including members of the support staff of the Company (such as, Information Technology department), as may be decided by the Compliance Officer (in consultation with the Director-In-Charge, where necessary), from time to time; and
  - f. Auditors.
- i) **“Director”** means a member of the Board of Directors of the Company.
- j) **“Employee”** means every employee in the employment of the Company.
- k) **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media.
- l) **“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.

- m) **“Insider”** means any person who is,
  - i. Designated persons and their Immediate Relatives; or
  - ii. a connected person; or
  - iii. in possession of or having access to unpublished price sensitive information.
- n) **“Key Managerial Personnel”** means a person as defined in Section 2(51) of the Companies Act, 2013.
- o) **“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.
- p) **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof.
- q) **“Threshold Limit”** means the limit for Trading in Securities of the Company in any calendar quarter, as decided by the Board of Directors of the Company from time to time. For the time being, the Threshold Limit for Trading in Securities of the Company in a calendar quarter is Rs. 10 lakhs.
- r) **“Takeover Regulations”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- s) **“Trading”** means and includes subscribing, redeeming, switching, buying, selling, dealing or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- t) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading.
- u) **“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 include 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; and
  - v. changes in key managerial personnel.
- u) **“Regulations”** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- v) **“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).

## **2. Role of Compliance Officer**

- a) The Company shall appoint a Compliance Officer for the purpose of the Regulations and this Code. At present, the Company Secretary of the Company shall be the Compliance Officer for the purpose of this Code and in his absence any other senior officer of the Company appointed by the Board of Directors from time to time for the purpose of this Code in pursuance of the Regulations.
- b) The Compliance Officer shall be responsible under the overall supervision of the Board of Directors of the Company, for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of Trades as per the Code and implementation of the Code, maintaining records of the Designated Persons and their Immediate Relatives and any changes made in the list of Designated Persons and their Immediate Relatives and providing guidance and clarifications sought by Designated Persons regarding the Regulations and the Code.
- c) The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors but not less than once in a year.
- d) The Compliance Officer shall assist all Designated Persons (or his / her Immediate Relatives) in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct.

## **3. General Restrictions**

- a) No Designated Person (including, his/her Immediate Relatives) should Trade in the Securities of the Company at any time while in possession of, or having access to, any Unpublished Price Sensitive Information.
- b) Designated Persons are obliged to treat UPSI with due care and they have a duty to safeguard UPSI irrespective of source of receipt of UPSI. Designated Persons shall use UPSI for the specified purpose only and it must not be used for any personal gain. No Designated Person (including, his/her Immediate Relatives) shall communicate, provide, or allow access to any UPSI, relating to the Company or its Securities, to any person, except where such communication is in furtherance of legitimate purposes (as per Code of Fair Disclosure), performance of duties or discharge of legal obligations.

#### **4. Preservation of “Unpublished Price Sensitive Information”**

- a) All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- b) 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 the 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 the 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

The Company shall maintain a structured digital database containing the names of such persons or entities as the case may be with whom information is shared 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.

- c) Price Sensitive Information will be handled on a “Need to Know” basis. It 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 for the information.
- d) 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”**

All Designated Persons and their Immediate Relatives shall be subject to trading restrictions as stated below:

**a) Trading Window**

The Designated Persons and their Immediate Relatives shall Trade in the Securities of the Company only when the Trading Window is open; provided that the Trading Window norms shall not be applicable for Trades carried out in accordance with a trading plan approved under clause 6 hereof.

**b) Prohibition on Trading in Securities**

Designated Persons and their Immediate Relatives shall not Trade in the Securities of the Company: (i) during the Prohibited Period (as defined below) or (ii) at any time (even when the Trading Window is open) if in possession of UPSI.

**c) "Prohibited Period" means :**

- (i) a period from the end of every financial year till 48 hours after declaration of unaudited / audited annual financial results,
- (ii) a period from the end of every quarter till 48 hours after declaration of unaudited/ audited quarterly financial results,
- (iii) any period when the Compliance Officer otherwise has reasons to believe that Designated Persons can reasonably be expected to have possession of UPSI. The Compliance Officer shall determine the timing for re-opening the Trading Window taking into account various factors including UPSI in question becoming Generally Available Information and being capable of assimilation by the market, which in any event shall not be earlier than 48 hours after the information becomes Generally Available Information.

**d)** The intimation about the Prohibited Period shall be given by the Compliance Officer, wherever required, through e-mail, circular and / or posting on the website of the Company, etc.

**e)** In 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 is closed.

**6. Trading Plan**

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

**a) Trading Plan shall:**

- i. not entail commencement of trading on behalf of the insider earlier than one hundred and twenty calendar days from the public disclosure of the plan;
- ii. not entail overlap of any period for which another trading plan is already in existence;
- iii. set out following parameters for each trade to be executed:
  - i. either the value of trade to be effected or the number of securities to be traded;
  - ii. nature of the trade;

- iii. either specific date or time period not exceeding five consecutive trading days;
- iv. price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:
  - a. for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;
  - b. for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price.

Explanation:

- a) While the parameters in sub-clauses (i), (ii) and (iii) shall be mandatorily mentioned for each trade, the parameter in sub-clause (iv) shall be optional.
- b) The price limit in sub-clause (iv) shall be rounded off to the nearest numeral.
- c) Insider may make adjustments, with the approval of the compliance officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan and the same shall be notified on the stock exchanges on which securities are listed.

iv. not entail trading in securities for market abuse.

- b) The Compliance Officer shall consider the Trading Plan made as above and shall approve it. 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.

The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either execute any trade in the securities outside the scope of the Trading Plan or to deviate from it except due to permanent incapacity or bankruptcy or operation of law. 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. Further pre-clearance of trades shall not be required for a trade executed as per an approved Trading Plan.

If the insider has set a price limit for a trade under sub-clause (iv) of clause 6(a)(iii), the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed.

Explanation: In case of non-implementation (full/partial) of trading plan due to either reasons enumerated above in clause 6(b) or failure of execution of trade due to inadequate liquidity in the scrip, the following procedure shall be adopted:

- i. The insider shall intimate non-implementation (full/partial) of trading plan to the Compliance Officer within two trading days of end of tenure of the trading plan with reasons thereof and supporting documents, if any.

- ii. Upon receipt of information from the insider, the Compliance Officer, shall place such information along with his recommendation to accept or reject the submissions of the insider, before the Audit Committee in the immediate next meeting. The Audit Committee shall decide whether such non-implementation (full/partial) was bona fide or not.
  - iii. The decision of the Audit Committee shall be notified by the Compliance Officer on the same day to the stock exchanges on which the securities are listed.
  - iv. In case the Audit Committee does not accept the submissions made by the insider, then the Compliance Officer shall take action as per the Code of Conduct.
- c) The Compliance Officer shall approve or reject the trading plan within two trading days of receipt of the trading plan and notify the approved plan to the stock exchanges on which the securities are listed, on the day of approval.

## **7. Pre-clearance of trades**

All Designated Persons including their Immediate Relatives intending to Trade in the Securities of the Company upto the Threshold Limit fixed as aforesaid may do so without any clearance from the Compliance Officer.

While calculating the Threshold Limit, the cumulative value of the Securities of the Company Traded, whether in one transaction or series of transactions, during a calendar quarter by the Designated Person and his / her Immediate Relatives shall be taken into account. All Designated Persons and their Immediate Relatives, who intend to deal in the Securities of the Company when the trading window is open and if the value of the proposed trades is above the Threshold Limit, should pre-clear the transaction. The pre-dealing procedure shall be as under:

- i. An application may be made in the prescribed Form to the Compliance Officer indicating the estimated number and value of Securities that the Designated Persons (or his / her Immediate Relatives) 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 shall be executed in favour of the Company by such Designated Persons (or his / her Immediate Relatives) incorporating, inter alia, the following clauses, as may be applicable:
  - a. That the Designated Persons (or his / her 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 Persons (or his / her Immediate Relatives) has access to or receives "Unpublished Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction
  - c. he/she shall inform the Compliance Officer of the change in his / her position and that he/she would completely refrain from dealing in the Securities of the Company till the time such information becomes public.



- d. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
  - e. That he/she has made a full and true disclosure in the matter.
- iii. All Designated Persons (or his / her Immediate Relatives) shall execute their order in respect of securities of the Company within 7 (seven) trading days after the approval of pre-clearance is given. The Designated Persons (or his / her Immediate Relatives) shall file within 2 (two) trading 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.
  - iv. If the order is not executed within 7 (seven) trading days after the approval is given, the Designated Persons (or his / her Immediate Relatives) must pre-clear the transaction again.
  - v. All Designated Persons (or his / her Immediate Relatives) who buy or sell any number of Securities of the Company shall not enter into an opposite transaction i.e. sell or buy any number of Securities during the next six months following the prior transaction. All Designated Persons (or his / her Immediate Relatives) shall also not take positions in derivative transactions in the Securities of the Company at any time. In case any contra trade is 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 Education and Protection Fund administered by SEBI under the Act.

The Designated Persons and their Immediate Relatives shall not enter into a contra trade during the next six months following a Trade; provided that the contra trade restrictions shall not be applicable to the following:

- a. Trades pursuant to exercise of stock options; and
- b. Trades carried out in accordance with a Trading Plan approved under clause 6 hereof.

For example: If 'X' or any of his Immediate Relatives buy Securities of the Company on 01<sup>st</sup> April, 2019, then 'X' and his Immediate Relatives shall not sell any Securities of the Company until 01<sup>st</sup> October, 2019 and vice versa.

In case of subscription in the primary market, 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.

- vi. In case the Compliance Officer or his / her Immediate Relatives intend to Trade in the Securities of the Company in excess of the Threshold Limit, he/she shall obtain pre-clearance for the same from the Director-In-Charge of the Company, as per the pre-clearance procedure under this Code.
- vii. Such pre-clearance shall not in any way be deemed to be confirmation of compliance with the Takeover Code, if applicable. The person seeking pre-clearance shall be solely responsible for compliance with the provisions of the Takeover Code, if applicable.

- viii. The Compliance Officer may grant relaxation from strict application of such restriction on an application made in this behalf by the concerned Designated Person and after recording in writing the reasons in this regard; provided that such relaxation does not violate the Regulations.
- ix. The disclosures made under this Code shall be maintained for a period of five years.

## **8. Reporting Requirements for transactions in Securities**

### **Initial Disclosure**

- a) Every Designated Persons shall disclose his / her and their Immediate Relatives' 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.

### **Continual Disclosure**

- b) Every Designated Persons shall disclose to the Company the number of such Securities acquired or disposed of within two trading days of such transaction if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. ten lakhs.

The disclosure shall be made within 2 working days of:

- (i) the receipt of intimation of allotment of Securities, or
  - (ii) the acquisition or sale of Securities or voting rights, as the case may be.
- c) Every Designated Persons shall forward to the Compliance Officer an Annual statement of holdings in the Securities of the Company within 30 (thirty) days of the close of financial year.

## **9. Disclosure by the Company to the Stock Exchange(s)**

- a) Within 2 trading days of the receipt of intimation under Clause 8(d), 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 Designated Persons and their Immediate Relatives for a minimum period of five years.

## **10. Penalty**

- a) Any Designated Persons and their Immediate Relatives who trades in Securities or communicates any information for trading in Securities in contravention of this Code will be penalized and appropriate action will be taken against him/her by the Company after giving reasonable opportunity to explain his/her stand in the matter. He / she shall also be subject to disciplinary action including wage

freeze, suspension, in-eligibility for future participation in ESOPs, recovery, clawback, etc.

- b) In addition to the action taken by the Company the persons violating these Regulations will also be subject to action by SEBI as per SEBI Act. In case of any violation, SEBI shall be informed by the Company about the matter.

## **11. Code of Fair Disclosure**

### **A. Disclosure and Handling of Unpublished Price Sensitive Information**

A code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information for adhering each of the principles is set out below:

- i. Prompt public disclosure of Unpublished Price Sensitive Information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- ii. Uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure.
- iii. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information.
- iv. Prompt dissemination of Unpublished Price Sensitive Information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- v. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities. Ensuring that information shared with analysts and research personnel is not Unpublished Price Sensitive Information.
- vi. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
- vii. Handling of all Unpublished Price Sensitive Information on a need-to-know basis.

### **B. Policy for determination of 'legitimate purpose'**

Unpublished Price Sensitive Information (UPSI) in connection with the Company or its Securities may be communicated or provided / allowed access to, only where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

The term "legitimate purpose" includes sharing of UPSI in the ordinary course of business with Company's collaborators, lenders including prospective lenders, customers, suppliers, merchant bankers, legal advisors, auditors, credit rating agencies, insolvency professionals or other advisors, service providers or consultants; provided that such sharing of UPSI has not been carried out to evade or circumvent the prohibitions of the Regulations.

Whether sharing of UPSI for a particular instance tantamounts to 'legitimate purpose' would entirely depend on the specific facts and circumstances of each case. Primarily, the following factors should be considered while sharing the UPSI:

- a. whether sharing of such UPSI is in the ordinary course of business of the Company;
- b. whether sharing of the information is in the interests of the Company or in furtherance of a genuine commercial purpose;
- c. whether the nature of UPSI being shared is commensurate to the purpose for which access is sought to be provided to the recipient.

Any person who is in receipt of UPSI pursuant to a "legitimate purpose" shall be considered as Insider for the purpose of Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the Regulations.

Additionally, structured digital database of recipients of UPSI shall be maintained by the Company in compliance with the requirements under the Regulations in this regard.

## **12. Confirmation**

- a) The Regulations and the Code may be uploaded on website of the Company. All Designated Person hereby acknowledge to have read and fully understood their obligation under the Regulations and the Code and have undertaken to unconditionally abide by the same. They can contact the Compliance Officer for any clarification/assistance.
- b) The responsibility of complying with the provisions of the Regulations and the Code shall be entirely on the Designated Persons including any violation by their Immediate Relative.

## **General**

13. The decision of the Board of Directors with regard to all matters relating to this Code of Conduct will be final and binding on all concerned.
14. The Board of Directors of the Company shall have power to modify or replace this Code in part or full as may be thought fit from time to time in their absolute discretion.
15. Words or phrases not defined here will have their respective meanings as per the SEBI Act and SEBI regulations.

This Code shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Code.

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