

# CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

## 1. INTRODUCTION

The Securities Exchange Board of India ("SEBI") notified the SEBI (Prohibition of Insider Trading Regulations), 2015 ("Regulations" or "Insider Trading Regulations") on January 15, 2015 replacing the SEBI (Prohibition of Insider Trading) 1992, which will be effective from May 15, 2015.

Regulations 3 & 4 of the Regulation prohibits Communication or procurement of unpublished price sensitive information and trading when in possession of unpublished price sensitive information are quoted below:

**Regulation 3(1)**: No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a Company or securities listed or proposed to be listed, to any person including other insider except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

**Regulation 3(2)**: No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a Company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of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.

**Regulation 4(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No insider shall trade in securities that are listed or proposed to be listed on a Stock exchange when in possession of unpublished price sensitive information."

It is also mandatory in terms of the Regulations for every listed Company to formulate a Code of Conduct for Prevention of Insider Trading.

## 2. PREAMBLE

The Board of Directors ("the Board") of Swasti Vinayaka Art and Heritage Corporation Limited ("the Company") has adopted the following Code of Conduct for prevention of insider trading and to regulate, monitor and report trading by the designated persons as required under the Regulations.

## 3. APPLICABILITY AND EFFECTIVE DATE OF THIS CODE

The code of conduct is applicable to all designated persons and shall be effective from May 15, 2015.

## 4. DEFINITIONS:

a. "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 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, -

- an immediate relative of connected persons specified in clause d(i) above; or
- a holding company or associate company or subsidiary company; or
- an intermediary as specified in section 12 of the Act or an employee or Director thereof; or
- an investment company, trustee company, asset management company or an employee or Director thereof; or
- an official of a stock exchange or of clearing house or corporation; or
- 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
- 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
- an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
- a banker of the company; or
- 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;

b. "Designated Persons" means

- i. Promoter
- ii. Director
- iii. Key Managerial Personnel
- iv. Executive Committee members of the Company
- v. All employees in finance department handling finalization of financial statements

The Designated persons include their immediate relatives and any persons for whom such designated persons to take trading decisions. It is the responsibility of the designated persons to take pre-trading approval, disclose to the Company their immediate relatives and any persons for whom such designated person take trading decision and their holding under this code.

c. "Generally Available Information" means information that is accessible to the public on a non-discriminatory basis;

- d. "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;
- e. "Insider" means any person who is:
- a connected person; or
  - in possession of or having access to unpublished price sensitive information;
- f. "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;
- g. "Stock Exchanges" mean BSE Limited and National Stock of India Limited where the Securities of the Company are presently listed/ or any other recognized Stock Exchanges where the Securities of the Company will be listed.
- h. "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- i. "Trading day" means a day on which the recognized stock exchanges are open for trading;
- j. "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: –
- financial results;
  - dividends;
  - change in capital structure;
  - mergers, de-mergers, acquisitions, delistings, disposals and expansion of business
  - and such other transactions;
  - changes in key managerial personnel; and
  - material events in accordance with the listing agreement.

Words and expressions used and not defined in this Code but defined in the Regulations, 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.

## **5. COMPLIANCE OFFICER**

- a. The Board of Company shall appoint a Compliance officer to ensure compliance and for effective implementation of this code of conduct under the Insider Trading Regulations.

- b. The Compliance officer shall report to the Board of Directors and in particular, the Chairman of the Audit Committee.
- c. The Compliance officer shall be responsible for compliance of this code of conduct and other requirements under the Insider Trading Regulations including setting forth the policies, procedures, maintenance of records, monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of Directors of the Company.
- d. The Compliance officer shall assist all the employees in addressing any clarifications and provide necessary assistance on the Insider Trading Regulations and this Code of Conduct.
- e. The Compliance officer shall place the reports before the Board of Directors / Audit Committee, detailing dealings in the securities by the Designated persons under this code on a quarterly basis.

## **6. RESPONSIBILITY OF DESIGNATED PERSONS**

### **A. Preservation of Price Sensitive Information**

All Designated Persons shall maintain the Confidentiality of Unpublished Price Sensitive Information (UPSI) coming into their possession or control. In order to comply with the confidentiality obligation, the Designated Persons shall not:

- a. Communicate, provide or allow access to any UPSI to any person or
- b. Discuss UPSI in public places or
- c. Disclose UPSI to any person who does not need to know the information for discharging his or her duties/obligations.

### **B. Restriction on Trading**

No Designated Persons shall trade in securities of the Company when in possession of UPSI and when the trading window is closed. Further no designated person shall apply for pre-clearance of any proposed trade when such designated persons are in possession of UPSI, even if trading window is closed.

### **C. Need to Know**

The Designated persons, who are privy to UPSI, shall handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis and no UPSI should be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of his or her obligations.

### **D. Limited Access to Confidential Information**

Files containing confidential information shall be kept secured. Computer files must have adequate security log in and password, etc.

## **E. Chinese Wall**

- a. To prevent the misuse of confidential information the Company shall adopt a **“Chinese Wall”**.
- b. The employees in the inside area shall not communicate any UPSI to anyone in public area.
- c. The employees in inside area may be physically segregated from employees in public area.
- d. Demarcation of the various departments as inside area may be implemented by the Company.
- e. In exceptional circumstances employees from the public areas may be brought “over the wall” and given confidential information on the basis of “need to know” criteria, under intimation to the Compliance Officer.

## **7. PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION**

All the Designated Person of the Company shall be subject to trading restrictions as given below:

### **A. Trading Window**

- a. The Trading window for trading in securities shall be closed for such period as may be decided by the compliance officer of the company and unless otherwise specified, the trading window shall be closed at the time of:
  - i) Declaration of financial results (quarterly, half-yearly and annual)
  - ii) Declaration of divided (interim and final)
  - iii) Change in the capital structure i.e issue of securities by way of public/ rights / bonus etc.
  - iv) Any major expansion plans or execution of new projects.
  - v) Mergers, de-mergers, acquisitions, takeover and buy-back
  - vi) Disposal of whole or substantially whole of the undertaking
  - vii) Change in key managerial personnel
  - viii) Any significant Changes in policies, plans or operations of the Company
  - ix) Material events in accordance with the clauses of listing agreement

The Closure of Trading Window shall be communicated to all the Designated Persons of the Company by the Compliance Officer by Electronic means (i.e E-Mail) or such other means as he /she may deems fit.

- b. The Trading Window shall be opened two trading days after the information referred to the preceeding para is made available to the Public.

- c. When the trading window is closed, the Directors/ Designated Employees/ Connected Person(s) shall not trade in securities of the Company.
- d. All Designated Employees/ Connected Person(s) of the Company shall conduct their trade in securities of the Company only in valid trading Window, subject to pre-clearance by the Compliance Officer as per the procedure mentioned hereunder.

**B. Pre- Clearance of Trade:**

- a. Every Designated Partner shall obtain a pre-trading approval as per the procedure prescribed hereunder for trading in any securities of the Company proposed to be undertaken by such Designated Persons.
- b. For the purpose of obtaining a pre- trading approval, the concerned Specified Person shall make an application in the prescribed form to the Compliance Officer. The Compliance Officer shall submit his / her application for pre-trading approval to the Managing Director.
- c. The Compliance Officer shall consider the application made as above and approve it forthwith preferably on the same working day but not later than the next working day unless he is of the opinion that grant of such an approval would result in the breach of the provisions of this code, or the Regulations.
- d. Every approval letter shall be issued in such or similar format as may be prescribed by the Company from time- to -time. Every approval shall be dated and shall be valid for a period of seven trading days from the date of approval. In the absence of Compliance Officer due to leave etc., the officer designated by him/ her from time- to- time shall discharge the function above.
- e. All the designated persons shall ensure that they/ their immediate relatives and persons for whom such designated persons takes trading decisions complete execution of every pre-cleared trade in the securities of the Company as prescribed above and no later than seven trading days from the date of approval. The Designated Persons shall file within 2 (two) trading days of the execution of the transaction, the details of such transaction, with the Compliance Officer in the Prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed.
- f. No Designated Person/ Connected Person(s) shall enter into or execute a contra trade within six month from the date of trading in securities of the Company. The Compliance Officer is empowered only to grant relaxation for the sale of securities of the Company on Genuine requirements with reasons to be recorded in writing, subject to such relaxation does not violate the insider trading regulations.

## C. Trading Plans

- a. The Designated persons are entitled to trading plan and present it to the compliance officer for approval and public disclosure, pursuant to which trade may be carried out by them. However, such trading plan
  - i) Shall not entail to commencement of trading earlier than six months from the public disclosure of the plan.
  - ii) Shall not entail trading for the period during the period from 20<sup>th</sup> March of every year to till the second trading day after the disclosure of annual financial statements.
  - iii) Shall entail trading for the period of not less than 12 months.
  - iv) Shall not entail overlap of any period for which another trading plan is ready in existence.
  - v) 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 interval at, or dates on which such trades shall be effected and
  - vi) Shall not entail trading in securities for market abuse.
- b. The Compliance Officer shall review the trading plan and shall be entitled to seek such express undertakings as may be necessary to approve and monitor the implementation of the plan. Further, the Compliance officer has the power to defer the commencement of the trading plan till UPSI becomes generally available, if he/ she is of the opinion that the designated person possesses UPSI at the formulation of the plan.
- c. The Compliance officer shall notify the plan to the stock exchange upon approval.
- d. The trading plan irrevocable and the designated persons shall have to implement the same without any deviation from it or to execute trade outside the scope of the trading plan.

## 8. **DISCLOSURE REQUIREMENTS OF TRADING IN SECURITIES**

- A. In addition to complying with the reporting requirements as prescribed under this code, all the designated persons shall file with the Compliance Officer, inter-alia, the details of the immediate relative, persons for whom such designated persons take trading decisions and their holdings/ dealing in the securities of the Company as detailed below:
  - a. Every designated person shall within thirty (30) days from on the effective date of this code disclose their holdings in the securities of the Company in prescribed format to the Company;

- b. Every person on appointment or promotion, becomes a designated person shall within seven (7) days of such appointment or promotion disclose their holdings in the securities of the Company in prescribed format to the Company;
  - b. Every designated person shall disclose to the Company in prescribed format the number of such securities acquired or disposed of within Two (2) trading days of such transaction if the value of securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to traded value in excess of Rs. 10 Lakhs.
  - c. Any or all the connected persons shall disclose their holdings and trading in the securities of the Company in such form as and when required by the Compliance Officer for ensuring compliance with the regulations.
  - e. Annual statements of all holdings in securities of the Company as on March 31<sup>st</sup> every year in such form and manner as may be prescribed by the Compliance officer from time to time.
- B. The Compliance Officer shall maintain records of all the above declarations / disclosure for a minimum period of Five (5) years from the date of filing thereof.

## **9. PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT**

Any designated person who trades in the securities when in possession of UPSI in contravention of the code of conduct may be penalized and appropriate action will be taken by the Managing Directors as the case may be. The violation of this code of conduct shall also invite disciplinary action by the Company which may include wage freeze, suspension, ineligibility for future participation in employees' stock options plans, etc. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **10. INFORMATION TO SEBI IN CASE OF VIOLATION**

In case, it is observed by the Company/Compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company shall inform the SEBI accordingly.