



# SOM Distilleries & Breweries Limited

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

July 2015





# SOM Distilleries & Breweries Limited

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

### **1. INTRODUCTION**

SOM Distilleries and Breweries Limited is a public company whose equity shares are listed on NSE and BSE and subject to the rules and regulations issued by the Securities and Exchange Board of India (SEBI).

The Securities and Exchange Board of India (SEBI), vide notification No. LAD-NRO/GN/2014-15/21/85 dated 15th January 2015 has devised the SEBI (Prohibition of Insider Trading) Regulations, 2015 to put in place a framework for fair disclosure of unpublished price sensitive information (UPSI) and to strengthen the legal framework thereof and to protect the interest of investors in general.

These regulations have come into force with effect from 15th May 2015 and are applicable to all companies listed on any Stock Exchange in India. The Regulations require all listed Companies to set up an appropriate mechanism and to frame and enforce a policy of internal procedures and conduct so as to curb insider trading.

### **2. OBJECTIVE**

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations. Every director, officer, designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company.

No director, officer, designated employee may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

### **3. DEFINITIONS:**

- **‘Insider Trading’** means when insiders use unpublished price sensitive information to arrive at securities trading (including buying as well as selling) decisions
- **‘Insider’** An insider means any person who is:
  - (i) a Connected Person or
  - (ii) in possession of or having access to UPSI.
- **‘Company’** means SOM Distilleries and Breweries Limited and its Subsidiaries and Associates
- **‘Compliance Officer’** means the Company Secretary of the Company





- **‘Connected Persons’ means any person who**

“Connected Person,” includes –

1. A director of the Company;
2. A Key Managerial Personnel of the Company;
3. An Officer of the Company;
4. 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 UPSI or is reasonably expected to allow such access.
5. An employee of the Company who has access to UPSI or is reasonably expected to have access to UPSI;

The persons enumerated below shall be deemed to be Connected Persons if such person has access to UPSI or is reasonably expected to have access to UPSI –

- a. An Immediate Relative of Connected Persons;
- b. A holding company or associate company or subsidiary company;
- c. An intermediary as specified in section 12 of the SEBI Act or an employee or director thereof;
- d. An investment company, trustee company, asset management company or an employee or director thereof;
- e. An official of a stock exchange or of clearing house or corporation;
- f. A member of board of trustees of a mutual fund or a member of the Board of Directors of the asset management company of a mutual fund or is an employee thereof;
- 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;
- h. An official or an employee of a self-regulatory organization recognised or authorized by the SEBI;
- i. A banker of the Company;
- j. A concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his Immediate Relative or banker of the Company, has more than ten percent of the holding or interest.

- **‘Dealing in Securities’** means subscribing, buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent and includes exercising of options;

- **‘Designated Employee’** shall include:

- a. officers comprising the top three tiers of the company management
- b. Employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.





- **‘Immediate Relative’** “Immediate Relative” of a person means a spouse, or the parent, sibling or child of that person or his or her spouse, if they are either dependent financially on such person or consult such person in taking decisions relating to Trading in securities.
- **Unpublished Price Sensitive Information (UPSI)**  
“UPSI” shall mean and include 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:
  - a. Financial results, financial condition, projections or forecasts of the Company;
  - b. Dividends (both Interim and final);
  - c. Change in capital structure;
  - d. Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such
  - e. other transactions;
  - f. Changes in the Board of Directors or Key Managerial Personnel; and
  - g. Material events in accordance with the listing agreement.
- **‘Key Management Person’** a person as defined in section 2(51) of the Companies Act 2013

#### **4. PROHIBITION ON COMMUNICATING OR PROCURING UPSI**

An Insider shall not –

- communicate, provide, or allow access to any UPSI, relating to the Company or its securities, to any person including other insiders, except to the extent allowed by these Rules;
- procure from or cause the communication by an Insider of UPSI, relating to the Company or its securities;
- pass on any UPSI to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company;

Provided that communicating or procuring the UPSI with the concerned within the Company on a “need to know” basis for discharging their duties shall not be considered as violation of these Rules and proper precautions shall be taken by the Insider to secure the files containing confidential report/information

#### **5. PROHIBITION ON INSIDER TRADING**

An Insider shall not, directly or indirectly,





- Trade in securities that are listed or proposed to be listed when in possession of UPSI;
- Trade in securities of the Company except when the Trading Window is open and the Insider is not in possession of UPSI.

Provided the restriction in 4 (i) above shall not apply to:

- a transaction that is an off-market inter-se transfer between Promoters who were in possession of the same UPSI without being in breach of these Rules and both parties had made a conscious and informed trade decision; and
- Trades pursuant to a Trading Plan set up in accordance with these Rules.

## **6. PRE CLEARANCE OF TRADING**

- Designated Persons may Trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application
- The Compliance Officer shall not approve any proposed Trade by Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.
- The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve Trading by a Designated Person, on the condition that the Trade so approved shall be executed within seven trading days following the date of approval.
- The Designated Person shall, within two days of the execution of the Trade, submit the details of such Trade to the Compliance Officer. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.

## **7. CODE OF FAIR DISCLOSURE**

- To promptly make 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.
- To ensure uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
- The Company Secretary of the Company shall act as Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- To promptly disseminate unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- To provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- To ensure that information shared with analysts and research personnel is not unpublished price sensitive information.





- To develop best practices to make transcript 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.
- To handle all unpublished price sensitive information on a need-to-know basis.

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

Any Director, Officer, Designated Employee who trades in securities or communicates any information for trading in securities, in contravention of the code of conduct may be penalised and appropriate action may be taken by the Company.

Directors, Officers, Designated Employees of the Company who violate this Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage salary freeze, suspension, withholding of promotions, etc.

The SEBI or any other appropriate regulatory authority would also be informed of the violation of these Rules so that appropriate action may be taken

## **9. DISCLOSURE OF CODE**

This Code shall be published on the official website of the Company and the every amendment thereto shall be promptly intimated to the Stock Exchange(s) where the securities of the Company are listed.

## **10. FORMAT FOR DISCLOSURE**

All disclosure shall be made in such forms / formats as may be prescribed by SEBI under the Regulations from time to time or by the Compliance Officer of the Company if any form/format are not prescribed by SEBI

