

## **SOMANY CERAMICS LIMITED**

### **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS** (Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015)

On January 15, 2015, the Securities and Exchange Board of India (SEBI) has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“2015 Regulations”) to be effective from May 15, 2015, i.e. 120<sup>th</sup> day from the notification of the Regulations, replacing the SEBI (Prohibition of Insider Trading) Regulations, 1992.

Regulation 9(1) of the aforesaid Regulations casts a duty upon the Board of Directors of every listed company to formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in the Schedule B to the Regulations. Accordingly the Company Policy on Prohibition of Insider Trading framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 stands replaced with this Code of Conduct to Regulate, Monitor and Report Trading by Insiders, with effect from 18<sup>th</sup> May, 2015.

Subsequently vide notification dated 31<sup>st</sup> December, 2018, the “2015 Regulations were further amended by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred as “2018 Regulations and collectively with the 2015 Regulations, are referred to as the “SEBI PIT Regulations”) with its amendments effective from 1<sup>st</sup> April, 2019. The Company’s Code of Conduct to Regulate, Monitor and Report Trading by Insiders stands amended in alignment with 2018 Regulations and will henceforth be called Company’s Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons. (“the Code”).

#### **Compliance Officer**

The Company Secretary of the Company shall act as the Compliance Officer of the Company for the purposes of these Regulations and is responsible to comply with the provisions as contained herein. The Compliance officer under the overall supervision of the Board of Directors shall report to Shri Shreekant Somany, Chairman & Managing Director of the Company.

Further, the Compliance officer shall also provide Reports to the Chairman of the Audit Committee of the Board of Directors, on an annual basis.

### **Who is an Insider?**

Under the 2015 Regulations, an Insider means

- A Connected Person
- Any Person who is in possession of or is having access to Unpublished Price Sensitive Information.

The definition of Connected Person is given under Regulation 2(d) of the 2015 Regulations pursuant to which a person is a connected person, if he has a connection with the Company that is expected to put him in possession of Unpublished Price Sensitive Information.

### **Applicability**

In terms of Regulation 9(4) of the SEBI PIT Regulations, the Board of Directors in consultation with the compliance officer herein below specifies the following as "Designated Persons" to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.

The Code applies to the following categories of persons including their 'immediate relatives' and persons with whom such designated person(s) share a material financial relationship:-

- Promoters
- Directors
- KMPs (Key Managerial Persons as defined under the Companies Act, 2013)
- Designated Persons/ Employees

### **Designated Persons/ Employees**

- All employees in the cadre of General Manager and above
- All the Accounts and Finance, Secretarial Personnel of the Company at Head Office as well as the Finance/Commercial Heads of all the Units/ Branches. It also includes IT Personnel of the Company who have access to unpublished price sensitive information.
- Any other person as may be determined by the Compliance officer, based on their functional role in the organization, for the purpose of monitoring adherence to the Code for preservation of UPSI.

### **Immediate Relative**

Immediate relative means spouse of a person and includes parent, sibling and child of such person/ or the spouse, if any of them is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

### **Material Financial Relationship**

Material Financial Relationship shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.

*In addition to the above stated categories, all the connected persons in possession of or having access to Unpublished Price Sensitive Information shall also be covered under the Code and accordingly the Company may ask such persons or class of connected persons to make disclosures of their holdings and trading in securities of the Company.*

### **Unpublished Price Sensitive Information (UPSI)**

Any information, relating to the Company or its securities, that is not generally available would be *Unpublished Price Sensitive Information* if it is likely to materially affect the price of the securities upon coming into public domain.

Ordinarily, the types of matters that would give rise to Unpublished Price Sensitive Information are:

- Financial Results
- Dividends
- Change in Capital Structure
- Mergers, De-mergers, acquisitions, delistings, disposals and material expansion of business and such other transactions
- Changes in Key Managerial Personnel

The above is only an illustrative list and there might be other instances in relation to which certain unpublished information, upon becoming public, might materially affect the price of securities of the Company.

### **Preservation of Unpublished Price Sensitive Information**

- All information shall be handled within the organization on a need-to-know basis.
- No Connected person or anyone who is in possession of or has access to unpublished price sensitive information relating to the Company shall communicate it to any other person except in furtherance of legitimate purposes, performance of his duties or discharge of his legal obligations.

*Sharing of information with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors or consultants, shall be considered as "legitimate purposes" for the purpose of sharing unpublished price sensitive information in the ordinary course of business by*

*an insider, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the PIT regulations.*

- The Designated Employees/Persons and Connected persons shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not disclose or communicate or counsel or procure directly or indirectly the Unpublished Price Sensitive Information to any person (except in furtherance of legitimate purposes, performance of his duties or discharge of his legal obligations) until the same is made available to the general public.

#### **Restriction on Trading while in Possession of UPSI**

The Promoters, Directors, KMPs, Designated Employees/Persons and Connected persons, when in possession of UPSI shall not trade in securities of the Company either on their own behalf or on behalf of any other person.

However, trades pursuant to a “Trading Plan” set up in accordance with Regulation 5 of the 2015 Regulations may be permitted subject to the approval of Trading Plan by the Compliance Officer and public disclosure of it on the Stock Exchanges.

#### **Institutional Mechanism for Prevention of Insider Trading**

The Managing Director shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in SEBI PIT Regulations to prevent insider trading.

#### **The internal controls include the following:**

- i. All the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of SEBI PIT Regulations
- ii. Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- iii. All employees and other persons with whom unpublished price sensitive information is shared with, shall be required to ensure the compliance of SEBI PIT Regulations.

The Audit Committee shall review compliance with the provisions of SEBI PIT Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

#### **Notional Trading Window - Trading Period and Trading Limit**

The Promoters, Directors, KMPs, Designated Persons and their immediate relatives shall not trade in securities when the (notional) trading window is closed. The trading window shall be closed when the Compliance Officer determines that these persons can reasonably be expected to have possession of UPSI.

The Trading restriction period shall be made applicable from the end of every quarter till 48 hours after declaration of financial results. The gap between clearance of accounts by Audit Committee and the Board Meeting should be as narrow as possible and preferably on the same day to avoid the leakage of information.

The Trading Window shall be closed 7 days before the date of Board Meeting related with any item that may give rise to UPSI.

Trading window shall open 48 hours after the UPSI is made generally available.

When the Trading Window is open, there is no restriction for trading of securities if the value of securities traded, whether in 1 transaction or a series of transactions, in a financial year, aggregates to a traded value upto Rs. 5,00,000/- in value or 2,500 in no. of shares, whichever is lower.

Beyond these stipulated thresholds, trading by these persons shall be subject to pre-clearance by Compliance Officer, if the value of proposed trades is above the aforesaid thresholds.

However, no person shall be entitled to apply for pre-clearance of any proposed trade if such person is in possession of UPSI even if trading window is open.

#### **Procedure for pre-clearance**

1. An Application may be made to the Compliance Officer or in case the applicant is Compliance Officer himself, to the Chairman in the prescribed format (refer **Annexure 1**).
2. **An Undertaking** (refer **Annexure 2**) shall be executed by these Person(s) stating that:
  - he/ she does not have access to or received UPSI upto the time of signing the undertaking
  - that in case he/ she has access to or receives UPSI after signing the undertaking but before execution of transaction, he/ she shall inform the Compliance Officer forthwith and refrain from trading in securities till the PSI becomes generally available
  - he/ she has not contravened the provisions of the Code on PIT.
  - he/ she has made full disclosure in the matter
3. The applicant may execute the order within one week i.e. 7 days of the permission; else fresh clearance will be required.

#### **Restriction on Contra-Trade for 6 months**

In all cases, these Persons who are permitted to trade in securities of the Company, shall not execute a contra-trade i.e. he/ she shall not enter into an opposite transaction within 6 months following a prior transaction.

Should a contra-trade be executed inadvertently or otherwise, in violation of the aforesaid restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the IEPF administered by it.

In case of ESPS, allotment of shares by the Company, to the Eligible Employee upon Exercise of Shares granted, may be allowed during the period when the Trading Window is closed. Sale of shares allotted on exercise of Shares granted under ESPS shall not however be allowed when the Trading Window is closed.

The Compliance Officer of the Company shall disclose the information regarding the closure and open of Trading Window to the concerns from time to time.

## **DISCLOSURES**

### **INITIAL DISCLOSURES OF SHAREHOLDING TO THE COMPANY**

**(1)** Every Promoter, KMP and Director of the Company, shall, disclose his/ her holding of securities of the Company as on the date of these Regulations take effect i.e. as on 18<sup>th</sup> May, 2015, to the Company. (refer **Annexure 3**)

Timeline for disclosure – 30 days

**(2)** Upon becoming a Promoter or appointment as a KMP or Director of the Company, such person, shall, disclose his/ her holding of securities of the Company as on the date of becoming a promoter or appointment as a KMP or Director, to the Company. (refer **Annexure 4**)

Timeline for disclosure – 7 days

### **CONTINUAL DISCLOSURES OF TRADING IN SHARES TO THE COMPANY**

**(1)** Every Promoter, Designated Person and Director of the Company, shall, disclose the no. of securities acquired or disposed, if the value of securities traded, whether in 1 transaction or a series of transactions, over any calendar quarter, aggregates to a traded value exceeding Rs. 10 lakhs. (refer **Annexure 5**)

Timeline for disclosure – 2 trading days

**(2)** Disclosure of incremental transactions further to the above, shall be made as and when the transaction is effected. (refer **Annexure 5**)

Timeline for disclosure – 2 trading days

## **NOTIFICATION OF CONTINUAL DISCLOSURES BY THE COMPANY TO STOCK EXCHANGES**

The Company shall notify the Stock Exchanges on receipt of continual disclosure (as above) or becoming aware of such information.

Timeline for disclosure – 2 trading days

## **ANNUAL DISCLOSURE OF SHAREHOLDING**

Every Promoter, Director, KMP and Designated Person of the Company, shall, disclose his/ her holding of securities of the Company as on date of every financial year ending 31<sup>st</sup> March, to the Company. (refer **Annexure 6**)

Timeline for disclosure – 30 days

For the purpose of all the above prescribed disclosures, whether initial, continual or annual, 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 accordingly.

Designated Persons shall also be required to disclose **Names and PAN (Permanent Account Number)** or any other identifier authorized by law of the following to the Company on annual basis and when the information changes:

- a) immediate relatives;
- b) persons with whom such designated person(s) shares a material financial relationship;
- c) **Phone, mobile and cell numbers** which are used by them

In addition, the names of **educational institutions** from which Designated Persons have graduated and **names of their past employers** shall also be disclosed on a one time basis.

## **PENALTY FOR CONTRAVENTION**

Every person, to whom the Code is applicable, shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/ her immediate relatives).

Any person who violates the Code, shall, in addition to any other penal action that may be taken against him under any law, also be subject to disciplinary action, including wage freeze, suspension, recovery, drawback etc.

In case it is observed by the Company, that there has been a violation of SEBI PIT Regulations, the Company shall inform SEBI promptly.

## **POLICIES AND PROCEDURES FOR INQUIRY IN CASE OF LEAK OF UPSI**

In case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, on becoming aware, the same shall be immediately reported to the Managing Director and appropriate inquiries shall be initiated forthwith as may be directed by the MD. They may delegate the case to an “investigator” for investigation of the instance and ascertaining authenticity of the subject reported. The Board of Directors shall also be promptly informed of such leaks, inquiries and results of such inquiries.

Further, if an inquiry has been initiated by the Company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries (RTA etc.) and fiduciaries (Auditors, Bankers etc.) shall cooperate with the Company in connection with such inquiry conducted by the Company.

## **WHISTLE BLOWER MECHANISM TO REPORT ANY LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

In case any employee suspects any leak of unpublished price sensitive information, he/she may immediately blow the whistle and report the instance directly to the Managing Director, by an email or a letter.

The Company encourages employees to report any suspected leak of unpublished price sensitive information forthwith to the MD.

Anonymous grievances will not be entertained unless the allegations are supported by documented and verifiable facts.

Management undertakes to maintain confidentiality of the person who has reported the instance, subject to the rights of the person against whom the instance is reported to cross-examine such leak of unpublished price sensitive information.

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**APPLICATION FOR PRE-CLEARANCE OF TRADES**

To  
The Compliance Officer  
Somany Ceramics Limited

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to Regulate, Monitor and Report Trading by Insiders, I seek approval for purchase/ sale/ subscription of the securities of the Company as detailed below:

Name	Designation	No. of shares held (with Folio/ DP ID/ Client ID)	Nature of transaction for which approval is sought	No. of shares to be dealt

I hereby enclose the form of undertaking signed by me.

Signature

Date

Footnotes:

1. No application for pre-clearance can be made during closure of trading window; neither any pre-cleared transaction can be carried out during closure of trading window.
2. Pre-clearance required whenever Director(s)/ KMP/ Promoter or Person who is part of Promoter Group/ Designated Person(s) intend dealing in its securities more than Rs. 5,00,000 in value or 2,500 shares.
3. Pre-cleared order must necessarily be executed within 7 days of approval.
4. A statement of holdings to be furnished in **Annexure 5** after dealing in pre-cleared transaction.

**UNDERTAKING TO BE EXECUTED AT THE TIME OF APPLYING FOR PRE-CLEARANCE**

To  
The Compliance Officer  
Somany Ceramics Limited

I, \_\_\_\_\_, s/o \_\_\_\_\_, r/o \_\_\_\_\_, hereby declare that I am a Promoter / Director / KMP / Designated Person (state designation) of Somany Ceramics Limited.

I further declare that I am not in possession of or otherwise privy to any unpublished price sensitive information upto the time of signing this undertaking.

In case I have access to or I receive any price sensitive information after signing this undertaking but before execution of the transaction, I shall inform the Compliance Officer of the change in my position and I would completely refrain from trading in the securities of the Company till the time such price sensitive information becomes public / generally available.

I declare that I have not contravened the Company's Code of Conduct to Regulate, Monitor and Report Trading by Insiders. I declare that I have made full disclosure in the matter.

Signature

Date

FORM A

**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (a) read with Regulation 6 (2) – Initial disclosure to the company]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relative to/others etc)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Open Interest of the Future contracts held as on the date of regulation coming into force			Open Interest of the Option Contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
6	7	8	9	10	11

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of options*

Name & Signature:

Designation:

Date:

Place:

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**FORM B**

**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a**  
**Director/KMP/Promoter]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relative to/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of options*

Name & Signature:

Designation:

Date:

Place:

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FORM C**SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of change in holding of Securities of Promoter, Designated Person or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoters/ KMP / Director s/immediate relative to/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition / disposal (on market/public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of trading in derivatives of the company by Promoter, Designated Persons or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.*

Name & Signature:

Designation:

Date:

Place:

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## ANNUAL DISCLOSURE

**STATEMENT OF HOLDINGS OF SECURITIES / DERIVATIVES OF PROMOTER, DIRECTOR, KMP AND DESIGNATED PERSON AND HIS/ HER IMMEDIATE RELATIVES/ PERSONS WITH WHOM MATERIAL FINANCIAL RELATIONSHIP IS SHARED**

To  
The Compliance Officer  
Somany Ceramics Limited

**I. Statement of Holdings of Promoters, KMPs, Directors and Designated Employees**

Name	Designation	Department	No. of shares/ derivatives held as on 1 <sup>st</sup> April, 20....	No. of shares bought / (sold) during the financial year	Date of purchase / (sale) during the financial year	No. of shares/ derivatives held as on 31 <sup>st</sup> March, 20....	Folio No./ DP ID/ Client ID

**II. Statement of Holdings of Immediate Relatives and Persons with whom Material Financial Relationship is shared of Promoters, KMPs, Directors and Designated Employees**

Name	Relationship	No. of shares/ derivatives held as on 1 <sup>st</sup> April, 20....	No. of shares bought / (sold) during the financial year	Date of purchase / (sale) during the financial year	No. of shares/ derivatives held as on 31 <sup>st</sup> March, 20....	Folio No./ DP ID/ Client ID

Signature:

Designation:

Date:

Place:

**ANNEXURE 7**

**FORM D (Indicative format)**

**SEBI (Prohibition of Insider Trading) Regulations, 2015 Regulation 7(3) – Transactions by Other connected persons as identified by the company**

**Details of trading in securities by other connected persons as identified by the company**

Name, PAN, CIN/DIN, & address with contact nos. of other connected persons as identified by the company	Connection with company	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition/disposal (on market/public/ rights/ Preferential offer / off market/Interse transfer, ESOPs etc. )
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke /Invoke )	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.



**Details of trading in derivatives by other connected persons as identified by the company**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of Contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of options.*

Name:

Signature:

Place:

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