

KATARE SPINNING MILLS LIMITED

Code of Practices and Procedures for Fair Disclosure of Un-published Price Sensitive Information

[Under Regulation 8 of the SEBI (Prohibition of Insider Trading) Regulations, 2015]

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION OF KATARE SPINNING MILLS LIMITED FRAMED UNDER REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

Preamble

The Securities and Exchange Board of India had promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “**Regulations**”) on January 15, 2015. As per Regulation 8 read with Schedule A of the Regulations, every listed company is required to frame a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the ‘**Code**’) in order to disseminate ‘Unpublished Price Sensitive Information’ (hereinafter referred to as ‘**UPSI**’) universally and not selectively by such companies. This Policy is intended to lay down the principles and practices to be followed by KATARE SPINNING MILLS LIMITED pertaining to universal disclosure of UPSI.

The Company intends to follow best practices, duly compliant with Applicable Law, in the matter of disclosure of UPSI. Accordingly, the following Code was adopted by the Board of Directors of the KATARE SPINNING MILLS LIMITED (hereinafter referred to as ‘**Company**’).

1. Applicability

This Code shall apply in relation to disclosure by the Company of UPSI. The scope, exceptions as given in Applicable Law shall be applicable for the purpose of this Code as well.

2. Definitions

“**Act**” means the Securities and Exchange Board of India Act, 1992

“**Connected Person**” shall mean such person as defined under the Regulations.

“**Designated Persons**” shall mean such persons as defined under the Regulations.

“**Chief Investor Relations Officer**” means the Chief Financial Officer of the Company shall be designated as Chief Investor Relations Officer to deal with dissemination of information and disclosure of UPSI in a fair manner.

“**Generally available information**” means information that is accessible to the public on a non-discriminatory basis.

“**Insider**” means any person who is a connected person or in possession of or having access to UPSI;

“**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.

“Selected Group of Persons” includes securities analysts or selected institutional investors, brokers and dealers or their associated persons, investment advisers and institutional managers, investment companies, hedge funds or any other person.

“Securities” shall have the meaning assigned to it under the Securities Contract (Regulation) Act, 1956 or any modification thereof except units of a mutual fund.

“Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

“UPSI” 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, delisting, disposals and expansion of business and such other transactions
- v. Changes in key managerial personnel

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

3. Sharing of UPSI for legitimate purpose

- UPSI is in the nature of information relating to the Company, directly or indirectly, of precise nature that can have an impact on the prices of the securities of the Company if made public.
- Till the UPSI becomes a generally available information, UPSI can be shared only on a need-to-know basis and for legitimate purpose as provided hereunder and not to evade or circumvent the prohibitions of the Regulations
 - ✓ Sharing of relevant UPSI with consultants, advisors engaged by the Company in relation to the subject matter of the proposed deal/ assignment in relation to UPSI;
 - ✓ Sharing of relevant UPSI with intermediaries/ fiduciaries viz. merchant bankers, legal advisors, auditors in order to avail professional services from them in relation to the subject matter of the UPSI;
 - ✓ Sharing of relevant UPSI with persons for legitimate business purposes (e.g., attorneys, investment bankers or accountants);
 - ✓ Sharing of relevant UPSI with persons who have expressly agreed in writing to keep the information confidential, such as potential customers, other developers, joint venture partners and vendors, and not to transact in the company's securities on the basis of such information.
 - ✓ Sharing of relevant UPSI in case mandatory for performance of duties or discharge of legal obligations.

4. Before sharing of the UPSI, the concerned person sharing such UPSI shall comply with the requirements in relation to circumstances and procedure for bringing people 'inside' as provided in Code of Conduct for Prohibition of Insider Trading.

5. The Compliance Officer shall maintain record of the details of the recipients including their PAN, Address etc. of UPSI on legitimate purpose including the following:

- a. Whether the concerned UPSI is required to be shared?
- b. Why the information is required by the recipient?
- c. Who had shared the UPSI and whether he was authorized to do so?
- d. Whether the Compliance Officer was intimated before such sharing of UPSI?
- e. Whether non-disclosure agreements were signed?
- f. Whether notice to maintain confidentiality of the shared UPSI has been given?

6. Functions of the Chief Investor Relations Officer:

- ◆ Dealing with universal dissemination and disclosure of UPSI.
- ◆ Determination of questions as to whether any particular information amounts to UPSI.
- ◆ Determination of response, if any, of the Company to any market rumor in accordance with this Code.
- ◆ Dealing with any query received by any Insider about any UPSI.
- ◆ Providing advice to any Insider as to whether any particular information may be treated as UPSI.

If an Insider receives a query about any UPSI related to the Company, he shall not comment on the same and shall forward such query to the Chief Investor Relations Officer. The Chief Investor Relation Officer shall deal with such query in accordance with Applicable Law and this Code in consultation with Managing Director or CEO of the Company.

7. Disclosure Policy:

The Company shall ensure:

- ◆ Prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- ◆ Uniform and universal dissemination of UPSI to avoid selective disclosure.
- ◆ If an Insider 'selectively' discloses any UPSI to any person including the Selected Group of Persons then prompt disclosure of such information shall have to be made by the Chief Investor Relations Officer to the public. Such disclosure must be made not later than 48 hours after the Chief Investor Relations Officer learns that communication of such UPSI has taken place.

- ◆ That information shared with analysts and research personnel is not UPSI.
- ◆ Develop 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.

Subject to Applicable Law methods of public disclosure of information to ensure uniform distribution shall include either of the following-

- ◆ Distributing through Press Releases in newspapers or media including electronic media.
- ◆ Filing with the Stock Exchanges.
- ◆ Any other method that ensures wide distribution of the news such as webcasts and webinars.
- ◆ Uploading the information on the website of the company.

8. Third Party Dealings:

The Chief Investor Relations Officer shall ensure that best practices of making 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 are developed by the Company.

The best practices shall include uploading the following information on the website of the company-

- ◆ Any Power Point Presentation or similar material used by the analyst in such meeting on the website of the Company.
- ◆ Any earnings guidance or any other similar material distributed during press conference.
- ◆ Any material information about business plans of the company provided in response to analyst queries or during discussions in a meeting or any other information which may lead to price discovery has been shared.

9. Rumors: Verification of market rumors and response to queries:

The Chief Investor Relations Officer shall provide appropriate and fair responses to queries in relation to UPSI including any news reports. A 'No Comment' policy must be maintained by the Company and the Chief Investor Relations Officer on market rumors except when requested by regulatory authorities to verify such rumors.

10. Need to know handling of UPSI:

The Company shall handle UPSI only on a need to know basis. UPSI shall be provided only when needed for legitimate purposes, performance of duties or discharge of legal obligations. All insiders shall adhere to the conditions of strict confidentiality and shall not share any UPSI except for the aforesaid purposes.

11. Determination of Legitimate Purpose:

A. Meaning of Legitimate Purpose:

The term legitimate purpose include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibition of this Code.

B. Recipient of UPSI pursuant to legitimate purpose to be deemed Insider:

Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered as an “insider” for purposes of this Code and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with this Code by the person sharing such information.

C. Illustrations of legitimate purpose:

In following cases which are illustrative in nature, sharing of UPSI would be considered as legitimate purpose:

i. Statutory or Government Requirement:

For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized by law; Example: Any call for information or query received from Central Government, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges etc.

ii. Legal Requirement:

As part of compliance with applicable laws, regulations, rules and requirements or under any proceedings or pursuant to any order of courts or tribunals; Example: Court of Law, National Company Law Tribunal, National Company Law Appellate Tribunal, Quasi-judicial authority, Other Appellate Tribunals, Arbitration Proceedings, etc.

iii. Contractual Requirement:

Arising out of any contractual obligations or arrangement entered by the Bank set forth in any contract, agreement, arrangement, settlement, understanding or undertaking. Example: Due diligence for any kind of restructuring, namely mergers & acquisitions, joint venture agreements, share purchase agreements, franchisee agreement, etc.

iv. Auditing Purpose:

For audit by statutory, internal, concurrent, secretarial or management auditors as per the scope of audit.

12. Amendments to this Code:

The Company reserves the right to amend or modify this Code in whole or part, in accordance with any regulatory amendment or notification or otherwise, at any time without assigning any reason whatsoever. Any such amended Code will be accordingly updated on the website of the Company.