

# **THE BIRLA COTTON SPINNING AND WEAVING MILLS LIMITED**

## **CODE OF FAIR DISCLOSURE AND CONDUCT**

### **Introduction :**

As per Regulation 8 (1) of SEBI (Prohibition Of Insider Trading) Regulations, 2015 (**“Regulations”**) requires a listed Company to formulate and publish the same on its official website a code of practices and procedures for fair disclosure of unpublished price sensitive information in manner as prescribed therein.

As per Regulation 3(2A) of Regulations requires a listed Company to formulate a policy for determination of “legitimate purposes” (**“Policy”**) as a part of “Codes of Fair Disclosure and Conduct” formulated under these regulations

Accordingly, in compliance of the aforementioned requirement of the Regulations, the “Code of fair disclosure of Unpublished Price Sensitive Information” (**“Code”**) & (**“Policy”**) is hereby framed as under:

### **Code :**

1. Prompt public disclosure of Unpublished Price Sensitive Information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such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. The Unpublished Price Sensitive Information will be disclosed publicly via first intimating to the Stock Exchanges.
2. Uniform and universal dissemination of Unpublished Price sensitive Information to avoid selective disclosure.
3. Chief Executive Officer of the Company is designated as the Chief Investor Relations Officer to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information and to implement fair disclosure norms hereunder.
4. It shall be ensured that any UPSI which gets disclosed selectively or inadvertently, is promptly disseminated through Stock Exchanges and made generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not Unpublished Price Sensitive Information.
7. 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.
8. Handling of all Unpublished Price Sensitive Information on a need-to-know basis.

## **POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE**

[Under Regulation 3(2A) of Securities and Exchange Board of India  
(Prohibition of Insider Trading) Regulations, 2015]  
[Annexure to Code of Fair Disclosure and Conduct]

### **1. Background**

The Company is required to share data or information with various stakeholders like organizations, agencies, institutions, intermediaries, establishments, persons, etc., in the course of its business. Such unpublished data or information, if made publicly available may materially impact the market price of the listed securities of the Company. If any person trades on the basis of unpublished price sensitive information, it could result in an undue advantage to such person. The trading in the securities of the Company by an Insider is governed by and subject to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**Regulations**”) as amended from time to time

This “Policy for Determination of Legitimate Purpose” is framed by the Board of Directors of the Company pursuant to the amendment in the Regulations, in 2018 and is part of Code of Fair Disclosure and Conduct.

### **2. Applicability**

This Policy for Determination of Legitimate Purpose is applicable to all Insider(s).

### **3. Definitions**

The definitions of some of the key terms used in the Policy for Determination of Legitimate Purpose are given below.

- (i) “**Connected Person**” means Connected Person as defined under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended.
- (ii) “**Insider**” means any person who is
  - a Connected Person or
  - in possession of or having access to Unpublished Price Sensitive Information
- (iii) “**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.
- (iv) “**Unpublished Price Sensitive Information (“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 Securities of the Company and includes the following:
  - financial results;
  - dividends;
  - change in capital structure;
  - mergers, de-mergers, acquisitions, delistings, disposals and expansion of business award or termination of order/contracts not in the normal course of

- business and such other transactions;
- changes in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor
- fund raising proposed to be undertaken;
- agreements, by whatever name called, which may impact the management or control of the company;
- fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
- resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
- initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
- outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals
- such other information as determined by the Board of Directors/Chief Executive Officer/ Chief Operating Officer/Chief Financial Officer/Company Secretary from time to time.

Explanation 1- For the purpose of:

‘Fraud’ mentioned above shall have the same meaning as referred to in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

‘Default’ mentioned above shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Explanation 2- For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the Board from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable.

#### 4. Legitimate Purpose

An Insider shall not share UPSI with any person including other Insider(s) except where such communication is in the ordinary course of business or on a need-to-know basis and in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. An Insider before so sharing the UPSI with any other person shall notify him/her that the information is UPSI and to maintain confidentiality of the same. Further, the Insider shall get a Confidentiality Agreement executed by the recipient of UPSI and forward the same to the Compliance Officer. Designated Persons, who are employees and Directors and bound by the terms of the Code of Conduct in their capacity as employees or Directors, respectively, need not separately execute a Confidentiality Agreement.

Legitimate Purpose shall, inter-alia, include sharing of UPSI on need-to-know basis by an insider with promoters, partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, etc. provided that such sharing has not been carried out to evade or circumvent the prohibitions under these Regulations.

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

- i. For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized by law;

*Example: Income Tax Authority, Securities and Exchange Board of India, Stock Exchanges, Reserve Bank of India, Sectoral Regulatory Body, etc.*

- ii. Under any proceedings or pursuant to any order of courts or tribunals;

*Example: National Company Law Tribunal, Quasi-judicial authorities, Other Appellate Tribunals, Arbitration Proceedings, etc.*

- iii. As part of compliance with applicable laws, regulations, rules and requirements;

*Example: Company Law, Securities Law, Income Tax Law, Banking Law, etc.*

- iv. Arising out of any contractual obligations or arrangements entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking.

*Example: Due-diligence for any kind of restructuring, namely mergers and acquisitions, joint venture agreements, share purchase agreements, franchisee agreement, etc.*

- v. Arising out of business requirement including requirement for the purposes of promoting business of the Company, strategies of business, statutory consolidation requirements or related customary disclosure obligations which may require sharing of UPSI with any outsider or Promoter of the Company, who in turn may share it with their Promoter(s) as well as with their advisors, consultants, intermediaries, fiduciaries, etc.

*Example: Some of the examples which are illustrative in nature are as mentioned below –*

- *Sharing the relevant UPSI by Company or Promoter for advice, consultation, transaction support, valuation, fund raising or other intermediation and approvals in relation to the subject matter of:*
  - *a proposed deal, assignment, tie-up, venture, fund raising;*
  - *projects relating to enterprise transformation, strategy, change management, analytics, re-organization, operation improvement, technology and similar domains;*
  - *the process of evaluation of new products, business opportunities and new lines of business.*
- *Sharing the relevant UPSI by Company or Promoters with intermediaries, fiduciaries, merchant bankers, advisors, lawyers, bankers, consultants, valuers, auditors, insolvency professionals, business support agents, transaction processing service providers, etc. in order to avail professional services from them.*
- *Sharing the relevant UPSI by Company or Promoters with business partners essential to fulfill the terms and conditions of a business contract with a client, vendor, collaborator or lender.*

## 5. Policy Review

The Policy shall be reviewed periodically in accordance with changes or any regulatory requirements from time to time.

The provisions of this Policy for Determination of Legitimate Purpose have to be read along with the Regulations, as amended from time to time and in case of any inconsistency/contradiction between the two, the provisions of the Regulations shall prevail.