

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

OF

**BELRISE INDUSTRIES LIMITED**  
(Formerly Known as Badve Engineering Limited)  
CIN: U73100MH1996PLC102827

### **INTRODUCTION:**

Insider trading means trading in Securities of a company by its Directors, Designated Persons or other Insiders while in possession of unpublished price sensitive information.

Such trading by Insiders erode the investors' confidence in the integrity of the management and is unhealthy for the capital markets. The Securities and Exchange Board of India (SEBI), in its endeavour to protect the interests of investors in general, had formulated the SEBI (Prohibition of Insider Trading) Regulations, 1992 under the powers conferred on it under the SEBI Act, 1992, which came into effect from 30<sup>th</sup> January, 1992 and the same were made applicable to all companies whose securities were listed on Indian stock exchanges. To strengthen these regulations and to create a framework for prevention of insider trading to facilitate legitimate business transactions, SEBI had constituted a committee under the Chairmanship of Hon'ble Justice N. K. Sodhi in April 2013. Some of the recommendations of the committee were considered and approved by SEBI Board and accordingly, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as — the "Regulations") were notified by SEBI on 15<sup>th</sup> January, 2015 which became effective from 15<sup>th</sup> May, 2015. The Regulations have been amended by SEBI, from time to time, in exercise of the powers conferred under Section 30 of the SEBI Act, 1992. The Regulations not only regulate trading by insiders but also seek to prohibit insider trading. The amendments aim to create adequate internal control systems for prevention of insider trading. The relevant extract of Regulations 3(1), 3(2), 3(2B), 4(1), 4(2) of the Regulations, which prohibit insider trading is quoted below:

**“3(1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such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

**“3(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of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

**“3(2B) Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.”**

**“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:**

**Provided that the insider may prove his innocence by demonstrating the circumstances including the following ....”**

**“4(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons.....”**

It is mandatory in terms of the Regulations for every listed company, market intermediaries, fiduciaries and any other person who are required to handle UPSI in the course of business operations to formulate a Code of Conduct for Prevention of Insider Trading to regulate, monitor and report trading by its Directors, Designated Persons and immediate relatives of Designated Persons. In addition, every company whose Securities are listed on a stock exchange, is also required to formulate a Code of Practices and Procedures for fair disclosure of UPSI (hereinafter referred to as - Code of Corporate Disclosure Practices).

### **OBJECTIVE:**

In line with the Company’s Code of Conduct for Directors and its Employees, and in order to comply with the mandatory requirement of the Regulations, it was necessary to formulate a specific Code of Conduct to preserve the confidentiality and prevent the misuse of unpublished price sensitive information for use by the Company’s Directors, Designated Persons and immediate relatives of Designated Persons.

This document embodies the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (“Code”) adopted by the Company and to be followed by their Directors, Designated Persons and immediate relatives of Designated Persons. The Code is based on the principle that Directors and Designated Persons of the Company owe a fiduciary duty to, amongst others, the shareholders/debenture holders of the Company to place the interest of shareholders/debenture holders above their own and conduct their personal Securities transactions in a manner that does not give rise to any conflict of interest. The Code is also intended to serve as a guiding charter for all Connected Persons associated with the functioning of listed companies and their trading in Securities of such companies. Further, the Code also seeks to ensure timely and adequate disclosure of unpublished price sensitive information to the investor community by the Company to enable them to take informed investment decisions with regard to its Securities.

The provisions of this Code have to be read along with the Regulations and if there is any inconsistency / contradiction between the two, the provisions of the Regulations shall prevail.

### **DEFINITIONS:**

As used in this Code:

a) **“Board”** means Board of Directors of the Company.

“**Code**” means this Code of Conduct for Prevention of Insider Trading and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, as applicable, including modifications made thereto from time-to-time.

b) “**Company**” means Belrise Industries Limited.

c) “**Compliance Officer**” means the Company Secretary of the Company or any other senior level employee, designated so and reporting to the board of directors under the Regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these Regulations under the overall supervision of the board of directors of the Company;

d) “**Connected Person**” shall mean

- i. any person who is or has, during the six months prior to the concerned act, been associated with the 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. persons falling within the following categories, unless the contrary is established:
  - (a) an immediate relative of Connected Persons specified in clause above; or
  - (b) a holding company or associate company or subsidiary company; or
  - (c) an intermediary as specified in Section 12 of the SEBI Act, 1992 or an employee or director thereof; or
  - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (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; or
  - (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; or
  - (h) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
  - (i) banker of the Company; or
  - (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 per cent of the holding or interest.

- e) **“Designated Persons”** means:
- i. Directors; and
  - ii. such Employees and Connected Persons (including representatives of the auditors, accountancy firms, law firms, analysts, consultants, etc.) as identified by the Compliance Officer in consultation with the Managing Director in line with the objectives of the Code.
- f) **“Director”** means a member of the Board of Directors of the Company.
- g) **“Employee”** means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.
- h) **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis, such as information published on websites of stock exchanges.
- i) **“Immediate Relative”** means the spouse of the Designated Person, and also includes parent, sibling and child of such Designated Person or of the spouse, who are either financially dependent on the Designated Person or consults the Designated Person in taking decisions relating to trading in securities.
- j) **“Insider”** means any person who is a Connected Person or in possession of or having access to unpublished price sensitive information, which includes Designated Person.
- k) **“Informant”** means an individual(s), who voluntarily submits to the SEBI a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;
- l) **“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.
- m) **“Promoter Group”** 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.
- n) **“Securities”** shall mean to include shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of like nature in or of any incorporated company or other body corporate and include derivatives.
- o) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading.
- p) **“Trading” or “Trading in Securities”** means and includes an act of subscribing to, buying, selling, dealing, pledging or agreeing to subscribe to, buy, sell or deal in any Securities of the Company and “trade” shall be construed accordingly.
- q) **“Unpublished Price Sensitive Information (“UPSI”)** means any information, relating to the 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 shall, ordinarily include but not be restricted to, information relating to the following:

- i. financial results;
- ii. dividends;
- iii. changes in capital structure;
- iv. mergers, demergers, delisting, disposals, expansion of business and such other transactions; and
- v. changes in key managerial personnel.

Words and phrases used in the Code and not defined hereinabove shall have the same meaning as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made there under shall have the meanings respectively assigned to them in those legislations.

### **Compliance Officer**

The Company Secretary or any other senior level employee, designated so and reporting to the board of directors shall be designated as the Compliance Officer to ensure compliance and effective implementation under these Regulations and also the Code across the Company. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of “Price Sensitive Information”, pre-clearing of trades of Designated Persons” and their Immediate Relatives (directly or through respective department heads as decided by the Company), monitoring of trades and the implementation of the Code under the overall supervision of the Board of the Company.

The Compliance Officer shall act as a focal point for dealings with SEBI, in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.

The Compliance Officer shall maintain a detailed record of the Designated Persons and any changes made in the list thereto. The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Regulations and the Code adopted by the Company.

The Compliance Officer shall report to the Board of the Company, in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Managing Director of the Company at such frequency as may be stipulated by the Board but not less than once in a year.

### **HANDLING OF UPSI**

#### **Preservation of UPSI:**

Designated Persons shall maintain the confidentiality of all UPSI coming into their possession or control.

To comply with this confidentiality obligation, the Designated Persons shall not:

- (i) communicate, provide or allow access of UPSI to any person directly or indirectly, including by way of making a recommendation for the purchase or sale of Securities of the Company unless such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations; or
- (ii) discuss UPSI in public places, or
- (iii) disclose UPSI to any Employee who does not need to know the information for discharging his or her duties, or
- (iv) recommend to anyone that they may undertake trading in Securities of the Company while being in possession, control or knowledge of UPSI, or
- (v) be seen or perceived to be trading in Securities of the Company while in possession of UPSI.

Need to know:

The Designated Persons and / or insiders who are privy to UPSI, shall handle the same strictly on a —*Need to Know* basis. This means the UPSI shall be disclosed only to those persons who need to know the same in furtherance of a legitimate purpose, the course of performance or discharge of their duty and whose possession of UPSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

The Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information stipulates the policy on determination of legitimate purpose.

Limited access to confidential information:

Designated Persons privy to confidential information shall, in preserving the confidentiality of information, and to prevent its wrongful dissemination, adopt among others, the following safeguards:

- a) files containing confidential information shall be kept secure;
- b) computer files must have adequate security of login through a password; and
- c) follow the guidelines for maintenance of electronic records and systems as may be prescribed by the Compliance Officer from time-to-time in consultation with the person in charge of the information technology function.

Chinese Wall Procedures

1. To prevent the misuse of UPSI, the Company shall separate those areas of the Company which routinely have access to UPSI, considered “inside areas” from other areas including operations or other departments providing support services, considered “public areas”.
2. In exceptional circumstances employees from the public areas may be brought “over the wall” and given UPSI on the basis of “need to know” criteria. In such an event, such employees will be bound by the same restrictions and obligations as the employees in the “inside areas” till the UPSI becomes generally available.



## **Designated Persons**

The Board shall in consultation with the Compliance Officer specify the Designated Persons to be covered by such Code on the basis of their role and function in the Company and the access that such role and function would provide to UPSI in addition to seniority and professional designation and shall include:

1. Employees of the Company, intermediary or fiduciary designated on the basis of their functional role or access to UPSI in the organization by their board of directors or analogous body;
2. Employees of material subsidiaries of Company designated on the basis of their functional role or access to UPSI in the organization by their board of directors;
3. All promoter(s) and members of the promoter group of the Company or investment companies for intermediaries or fiduciaries;
4. Managing Director / Chief Executive Officer and employees up to two levels below Chief Executive Officer of the Company, intermediary(ies), fiduciary(ies) and its material subsidiary(ies) irrespective of their functional role in the Company or ability to have access to UPSI;
5. Any support staff of the Company, intermediary or fiduciary such as IT staff or secretarial staffs who have access to UPSI.

## **Regulated Transactions and Restrictions**

### Trading Plans

The Regulations give an option to persons who may be perpetually in possession of UPSI and enabling them to trade in securities in a compliant manner. This enables to formulate a Trading Plan by an Insider to enable him/her to plan for trades to be executed in future. By doing so, the Insider who is in possession of UPSI and who has formulated a Trading Plan approved by the Compliance Officer subsequently would not be prohibited from execution of such trades as per the trading plan approved by the Compliance Officer on such stand that he/she had pre- decided the trade even before such UPSI available to them. In view of the same, the Insiders are required to adhere to following terms and conditions w.r.t. trading plan:

- a) An Insider shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out by him or on his behalf in accordance with such plan.
- b) Such trading plan shall not entail commencement of trading on behalf of the Insider earlier than 6 months from the public disclosure of the plan;
- c) not entail trading for the period between the 20<sup>th</sup> trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the Securities and the 2<sup>nd</sup> trading day after the disclosure of such financial results.
- d) entail trading for a period of not less than 12 months;
- e) not entail overlap of any period for which another trading plan is already in existence;

- f) 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 intervals at, or dates on which such trades shall be effected; and not entail trading in Securities for market abuse.
- g) The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of these Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
- h) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the trading plan.
- i) Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities are listed.
- j) Trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

### Trading Window

Designated Persons and the Immediate Relatives shall not trade in the Securities of the Company when „Trading Window“ is closed. The exact dates of each closure of the Trading Window shall be intimated to each Insider, who is an employee of the Company, and it is the responsibility of each Insider to ensure compliance with this Code and by each of Insiders“ Immediate Relatives.

Trading Window shall be closed, *inter alia*, at the time of:

1. Declaration of financial results ( half-yearly and annually);
2. Declaration of dividend (interim or final);
3. Issue of Securities by way of rights/ bonus/etc.;
4. Any major expansion plan or execution of new projects;
5. Amalgamation, merger, takeover, buy-back, etc.;
6. Disposal of whole or substantially whole of the undertaking.

Designated persons and their Immediate Relatives may execute trades subject compliance with these Regulations. The trading window closure shall also be advised by the Compliance Officer when Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such Securities to which such UPSI relates.

The Compliance Officer shall ensure that the gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information. The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors



including the UPSI in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

#### Pre-clearance of trades and other restrictions

1. When the trading window is open, trading by Designated Persons shall be subject to pre-clearance by the Compliance Officer, if proposed trade(s) is/ are above a minimum threshold of 1 Security(ies) or Rs. 2,50,000 (Rupees Two Lakh Fifty Thousand only) in value, whichever is lower, over any calendar quarter, or such other limits as the Board may stipulate.
2. Designated Persons and their dependents shall not take position in derivative transactions in the Securities of the Company.
3. Prior to approving any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any UPSI. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
4. Trades that have been pre-cleared shall be executed within seven (7) trading days after approval is granted by the Compliance Officer, failing which fresh pre-clearance would be needed for the trades to be executed.
5. Pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.
6. A Designated Person who is permitted to trade shall not execute a contra trade within a period of six (6) months following the prior transaction. Relaxation may be given from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations. In the event, any such contra trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be remitted to SEBI for credit to the Investor Protection and Education Fund administered under the Companies Act, 2013.

#### **Applicability of the Code to certain persons**

The Regulations apply to certain persons who by being in any contractual, fiduciary or employment relationship or holding any position including a professional or business relationship with the Company, whether temporary or permanent have access, directly or indirectly, to UPSI or are reasonably expected to allow such access. They are advised to adhere to the Regulations strictly. In case it is observed that there has been a violation of these Regulations, the Company shall, upon becoming aware of such violation, promptly inform the stock exchange(s) where its Securities are traded, in such form and manner as may be specified by SEBI, from

#### **Disclosure Responsibilities & formats**

- (i) **In any investigation of suspected contravention of this Code the onus to prove that there is no violation of this Code, shall be on the concerned Insiders or their Immediate Relative(s).**

When a person who has traded in Securities has been in possession of UPSI, his

trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

- (ii) The Company's investigating officer shall, within seven (7) working days from the conclusion of the investigation, submit a report to the Managing Director.
- (iii) The Managing Director after consideration of the investigation report shall communicate the findings to the person being investigated and accord him an opportunity of being heard before taking any action as contemplated in this Code.
- (iv) The Managing Director shall promptly inform the Board about such leaks/ suspected leaks of UPSI, inquiries conducted in this regard and results of such inquiries.

### **Penalty for contravention of the Code**

- (i) Every designated employee shall be individually responsible for compliance with the provisions of this Code (including to the extent the provisions hereof are applicable to his/her Immediate Relatives).
- (ii) Any Director/Designated Persons who trades in Securities or communicates any information for trading in Securities in contravention of the Code may be penalized and appropriate action may be taken by the Company.
- (iii) Directors/Designated Persons of the Company who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, claw back, etc. Any penalty amount collected under this clause shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act.
- (iv) The Managing Director shall upon receipt of the report as above and based on the finding contained therein be entitled to take action against the person found guilty for violation of this Code as he may in his absolute discretion deem fit including but not restricted to:
  - a. Issue letter of warning stating that consequence of contravention / non- adherence would result in dismissal from services.
  - b. Any other suitable action, to facilitate the implementation of the spirit of the Code.
- (v) The action by the Company does not preclude SEBI from taking any action in case of violation of the Regulations.
- (vi) Under Section 15G of the SEBI Act, any Insider who indulges in insider trading is liable to a maximum penalty which shall not be less than ten lakh rupees but which may extend to twenty five crore rupees or three times the amount of profits made out of insider trading, whichever is higher. Under Section 24 of the SEBI Act, anyone who contravenes the Regulations is punishable with imprisonment for a maximum period of ten years or with fine which may extend to twenty five crore rupees or with both.
- (vii) Without prejudice to its rights under Section 24 of the SEBI Act, SEBI can also pass any or all of the following orders to an Insider found indulging in insider trading –
  - Directing him / her not to deal in the Company's Securities in any particular manner.

- Prohibiting him/her from disposing of any of the Securities acquired in violation of the Regulations.
- Restraining him/her from communicating or counseling any other person to deal in Company's Securities.
- Declaring the transactions in Securities as null and void.
- Directing the person who acquired Securities in violation of the Regulations, to deliver the Securities back to the seller or alternatively pay the seller the price as provided.
- Directing him/her to transfer specified amount to Investor Protection and Education Fund administered by it.

### **Protection against reporting of suspected or alleged violations**

The Company will protect any employee, who is an Informant, against retaliation and victimization under the Code.

Employee who reports to SEBI about an alleged violation of insider trading laws in accordance with the mechanism introduced by SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination.

### **Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015 including any amendments thereof**

In case it is observed by the Company/Compliance Officer that there has been a violation of the Regulations, SEBI shall be informed by the Company.

### **Amendments to this code**

The Board reserves the right to amend this Code as and when it deems appropriate.

**END OF POLICY**