

# WINSOME YARNS LIMITED

## CODE OF CONDUCT TO REGULATE, MONITOR AND REPORTING OF TRADING IN RESPECT OF SECURITIES OF THE COMPANY

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 which were effective from 15<sup>th</sup> May 2015, the Board of Directors of Winsome Yarns Limited formulated code of conduct to regulate, monitor and reporting of trading in respect of securities of the Company. The said code is also uploaded available on the website of the Company i.e. [www.winsomegroup.com](http://www.winsomegroup.com)

### 1. Introduction:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015, the Board of Directors of the Company has approved this new Code of Conduct to regulate, monitor and reporting of Trading in Company's Securities by Insiders. The new Code will be effective from 15th May, 2015.

### 2. Definitions

2.1 "**Act**" means the Securities and Exchange Board of India Act, 1992.

2.2 "**Board**" means the Board of Directors of the Company.

2.3 "**Code**" or "**Code of Conduct**" shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of Winsome Yarns Limited as amended from time to time.

2.4 "**Compliance Officer**" means: Company Secretary of the Company is appointed as the Compliance Officer, 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of this code under the overall supervision of the Board of Directors of the Company.

2.5 "**Connected Person**" means:

- (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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
  - a) an immediate relative of connected persons specified in clause (i); or
  - b) a holding company or associate company or subsidiary company; or
  - c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or

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- 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 recognised or authorized by Board; or
- i) a banker of the company; or
- j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

2.6 **"Employee"** means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.

2.7 **"Generally available Information"** means information that is accessible to the public on a non-discriminatory basis.

2.8 **"Immediate Relative"** means a spouse of a person, and includes parents, 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.

2.9 **"Insider"** means:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information;

Although apart from the definition, Insider may also include the following

- (a) Promoter of the Company,
- (b) Director of the Company,
- (c) Key Managerial Personnel,
- (d) Statutory Auditors,
- (e) any person(s) including such of the employees who is in possession of or having access to Unpublished Price Sensitive Information.

The list of such persons would be prepared in the due course as per above sub-clause 2.9 (e) and said list would form one of the Annexure of this Code. All such person including the employees shall be called "Designated Persons".

2.10 **"Promoter"** shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;

2.11 **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

2.12 **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in securities of the Company, and "trade" shall be construed accordingly

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2.13 **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;

2.14 **"Unpublished Price Sensitive Information"** 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 the securities of the Company and shall, ordinarily including but not restricted to, be information relating to the following:

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) material events in accordance with the listing agreement and in particular the matters listed in the policy for dissemination of information to the Stock Exchanges pursuant to clause 36 of the Listing Agreement.

Words and expressions used and not defined in these regulations but defined in 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 thereunder shall have the meanings respectively assigned to them in those legislation.

### **3. Persons governed by this Code**

This code is applicable to all the employees and Insiders as defined under clause 2.9 hereinabove.

### **4. Role of Compliance Officer**

4.1 The Compliance Officer will ensure compliance with the SEBI Regulations for prevention of Insider Trading. The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of Audit Committee and the Board of Directors on an annual basis.

4.2 The Compliance Officer shall administer this Code and also undertake actions as are prescribed to it under the Regulations (such as approval and disclosure of the trading plan of Insiders to the stock exchanges on which the Securities of the Company are listed).

### **1.Preservation of "Unpublished Price Sensitive Information"**

1.1 All information shall be handled within the Company on a need-to-know basis and no Insider shall communicate, provide or allow access to any unpublished price sensitive information relating to the Company or its securities to any person except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

5.2 No person covered by this code shall procure from or cause the communication by any Insider of unpublished price sensitive information,

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relating to the Company or its securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

### Need to Know basis

- 1.2 “Need to know” basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information
- 1.3 There shall be Limited access to confidential informations. Files containing confidential information shall be kept secure.

## **2. Prevention of misuse of “Unpublished Price Sensitive Information”**

2.1 No insider shall trade in the securities of the Company that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information: Provided that as recognised under the Regulations, insider may prove his innocence by demonstrating the circumstances including the following : –

- (i) the transaction is an off-market inter-se transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 4 of SEBI (Prohibition of Insider Trading) Regulations 2015 and both parties had made a conscious and informed trade decision;
- (ii) in the case of non-individual insiders: – (a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and (b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- (iii) the trades were pursuant to a trading plan set up in accordance with regulation 7 hereunder

2.2 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 and in other cases the onus would be on the Board. The Board may specify such standards and requirements from time to time as it may deem necessary for the purpose of these regulations.

## **3. Trading Plans**

3.1 An insider shall be entitle to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

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- 3.2 An insider shall be entitled to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.
- 3.3 Such Trading Plan shall:
- I. not entail commencement of trading on behalf of the Insider earlier than six months from the public disclosure of the plan;
  - II. not entail trading for the period between the twentieth 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 second trading day after the disclosure of such financial results;
  - III. entail trading for a period of not less than twelve months;
  - IV. not entail overlap of any period for which another trading plan is already in existence;
  - V. set out either the value of trades to be effected or the number of the Company's 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
  - VI. not entail trading in securities for market abuse
- 7.4 The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violations of SEBI (Prohibition of Insider Trading) Regulations 2015 and shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.
- 7.5 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.
- However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation of the plan and shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer. The Compliance Officer shall be the final authority to decide on the deferment of the Trading Plan.
- 7.6 Upon approval of the trading plan, the compliance officer shall notify the plan to Stock Exchange(s) on which the securities are listed.

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## 4.Trading Window and Window Closure

4.1 The Company shall periodically specify the trading period to be called “Trading Window” for trading in the Company’s Securities. The Trading Window will remain closed when the Compliance Officer determines that the Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. When the Trading Window is closed the Designated Persons and their Immediate Relatives shall not trade in the Company’s Securities during that period. Unless otherwise specified, the Trading Window shall be closed for the following purposes:

- i. Declaration of financial results (Quarterly, Half-yearly & Annual);
- ii. Declaration of dividend;
- iii. Change in capital structure including but not limited to issue of securities by way of public/rights/bonus and buy back of securities;
- iv. Announcement of any major expansion plans or execution of new projects;
- v. Mergers, Demergers, Acquisitions and Delisting
- vi. Disposal of whole or substantially the whole of the undertaking. Major Expansion of Business
- vii. Material events in accordance with the Listing Agreement

4.2 The time for commencement of closing of trading window shall be decided by the Compliance Officer.

4.3 In addition to keeping the trading window closed for the period of quarterly half yearly/ annual financial results, the trading window will be closed during other periods whenever the Board of Directors are to consider any of the matters mentioned in para 8.1 above.

4.4 The Trading Window shall re-open 48 (forty eight) hours after the quarterly/ half yearly or annual financial results or the decision of the Board of Directors on the matters mentioned in para 8.1, as the case may be, have been communicated to the Stock Exchanges.

4.5 The Insider and their immediate relatives shall undertake trade in the Company’s securities only when the Trading Window is open and shall not undertake any trades during the periods when the Trading Window is closed.

8.6 The restriction to trade in the Company’s securities as stipulated in 8.5 above shall also be applicable to any person having contractual or fiduciary relation with the Company, such as Auditors, Accountancy Firms, Law Firms, Analysts, Consultants etc. assisting or advising the Company. Necessary communications regarding the closing and opening of the Trading Window will be sent by e-mail to the Designated Persons and will also be notified to the Stock Exchanges.

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### **5.Pre-Clearance of Trade**

- 5.1 The Insiders who intend to trade in the Company's securities should obtain pre-clearance from the Compliance Officer or such other official(s) authorized by Compliance Officer in the prescribed format, if the transaction/s (either single or cumulative) aggregates to the total traded value in excess of Rs. 10 lakhs or such other value as may be specified by the Regulations over any calendar quarter over any calendar quarter.
- 5.2 However, no Designated Person shall be entitled to apply for pre-clearance of any proposed trade by himself or his Immediate Relative if such Designated Person/ Immediate Relative is in possession of Unpublished Price Sensitive Information even if the Trading Window is not closed and hence he/she shall not be allowed to trade.
- 5.3 Once pre-clearance is given for a transaction, the trade should be executed by the Insiders within seven trading days from the date of the pre-clearance. If the trade is not executed within the period stipulated as aforesaid, the Insider must obtain a fresh pre-clearance.
- 5.4 Any person required to obtain pre-clearance shall file the details of the transactions in the format prescribed with the Compliance Officer within 30 days of the exercise of the trade. Even in cases where the transaction has not been undertaken, the same should be reported.

### **6.Minimum Holding Period and No opposite Transaction for six months**

- 6.1 Insiders who buy or sell any number of securities of the Company shall not enter in to an opposite transaction i.e. sell or buy as the case may be, of any number of such securities during the next six months period following the prior transaction. In case of subscription in the primary market (i.e. initial or follow-on public offers) which includes securities allotted against Employee Stock Options, the Insiders shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
- 6.2 In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer upon receipt of an application from such Insider and after recording in writing, the reasons in this regard. Such application to be made in the prescribed format.

### **7.Disclosures and Reporting Requirements for transactions in securities**

#### Initial Disclosures

11.1 Every Promoter, Director and Key Managerial Personnel of the Company and every Designated Persons, shall within thirty days from the effective date of this Code i.e. 15<sup>th</sup> May 2015, forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the prescribed Format as per SEBI (Prohibition of Insider Trading) Regulations 2015.

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11.2 Every person on appointment as a Director or the Key Managerial Personnel of the Company or any person upon becoming a Promoter or a Designated Person shall disclose his holding of securities of the Company as on the date of appointment or re-appointment or becoming a Promoter or Designated Person, to the Company within seven days of such appointment or becoming in the prescribed Format as per SEBI (Prohibition of Insider Trading) Regulations 2015.

### Continual Disclosure

7.1 Every Promoter, Director and Designated Persons shall disclose to the Company in the prescribed Format, the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities so traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs.10 Lakhs or such other value as may be specified by said Regulations. The disclosure shall be made within 2 trading days of:

- o the receipt of intimation of allotment of shares, or
- o the acquisition or sale of shares or voting rights, as the case may be.

### Disclosure by the Company to the Stock Exchange(s)

11.4 Within 2 trading days of the receipt of intimation under aforesaid paras, the Compliance Officer shall disclose to all the Stock Exchanges on which the Company's securities are listed, the information so received.

11.5 The Compliance officer shall maintain records of all such declarations in the appropriate form given by the Directors / Officers / Designated Persons for a minimum period of five years.

## **8.Code of Fair Disclosure and Conduct**

The Company has also laid down a Code of Fair Disclosure and Conduct as required by the SEBI (Prohibition of Insider Trading) Regulations 2015. The said Code is posted on the Company's Website.

## **9. Confirmation**

This Code of Conduct for prevention of Insider Trading in respect of securities of the Company and the Code of conduct for Fair Disclosure of Unpublished Price Sensitive Information has been uploaded on the Company's website. All Insiders hereby acknowledge having read and fully understood their obligations herein and have undertaken to unconditionally abide by the same. The responsibility of compliance shall be entirely on the Insiders including any violation by their immediate relative.

## **10. Penalty for contravention of the code of conduct**

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14.1 Every Insider shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/her dependents).

10.1 Any Insider who trades in securities or communicates any information for trading in securities of the Company, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

14.3 Designated Persons who violate this Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc. The penalties /disciplinary action will be decided by the Board/Committee of the Board based on reports submitted by the Compliance Officer.

10.2 The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015. For this purpose the Compliance Officer shall inform SEBI if there is any violation of the Code and SEBI Regulations.

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