

S P APPARELS LIMITED

**CODE FOR PROHIBITION OF
INSIDER TRADING**

AND

**FAIR DISCLOSURE OF
UNPUBLISHED PRICE
SENSITIVE INFORMATION**

CODE OF CONDUCT FOR THE PROHIBITION OF INSIDER TRADING

Introduction

Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "Regulations") requires a 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 the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations. Accordingly, a Code of Conduct to Regulate, Monitor and Report Trading by Insiders (the "Code") for S. P. APPARELS LIMITED (the "Company") is hereby framed as under –

I. Definitions

I.1. "Act" means the Securities and Exchange Board of India Act, 1992.

I.2. "Board" means the Board of Directors of the Company.

I.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 S. P. APPARELS LIMITED as amended from time to time.

I.4. "Company" means S. P. APPARELS LIMITED

I.5. "Compliance Officer" means Ms. K. Vinodhini Compliance Officer of the Company reporting to the Board of Directors 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board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.

I.6. "Connected Person" shall generally include:

i) any person who is or has during the six months prior to the concerned act been associated with a 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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

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. 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 percent of the holding or interest;

I.7. "Dealing in Securities" means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.

I.8. "Director" means a member of the Board of Directors of the Company.

I.9. "Designated Persons" cover the following:

i) every employee designated as General Managers and above;

- ii) every employee in the finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer; and
 - iii) any other employee as may be determined and informed by the Compliance Officer from time to time
- I.10. "Employee" means every employee of the Company including the Directors in the employment of the Company.
- I.11. "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.
- I.12. "Insider" means any person who is,
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information.
- I.13. "Key Managerial Person" means person as defined in Section 2(51) of the Companies Act, 2013
- I.14. "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof:
- I.15. "Regulations" shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- I.16. "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;
- I.17. "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly. "Trading Window" means the period during which trading may be carried out in Company's securities by Designated Persons. "Trading Plan" ("TP") means a plan for dealing in securities of the Company for a period not less than 12 months by the persons who may be perpetually in possession of unpublished price sensitive information.
- I.18. "Trading Day" means a day on which the recognized stock exchanges are open for trading;
- I.19. "Unpublished Price Sensitive Information" 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 including but not restricted to, information relating to financial results, dividends, change in capital structure, mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions, changes in key managerial personnel, and material events in accordance with the listing agreement and/or any such other information which may affect the price of securities
- I.20. Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

II. Code

1. Reporting: The Compliance Officer shall report on insider trading to the Board and in particular, shall provide reports to the Chairman of the audit committee, if any, or to the Chairman of the Board at such frequency as may be stipulated by the Board.

2. Information to be provided on a need to know basis : All information shall be handled within the organization on a need-to know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his/her legal obligations. Norms for appropriate processes will be as under :

- i) To prevent the misuse of confidential information, the Company shall separate those areas of the Company which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale / marketing / investment advice or other departments providing support services, considered "public areas".
- ii) The employees in the inside area shall not communicate any price sensitive information to any one in public area.
- iii) The employees in inside area may be physically segregated from employees in public area.

iv) In exceptional circumstances Unpublished Price Sensitive Information may be given on the basis of “need to know” criteria, under intimation to the Compliance Officer. Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

-an obligation to make an open offer under the takeover regulations where the Board is of informed opinion that the proposed transaction is in the best interests of the Company;

-or not attracting the obligation to make an open offer under the takeover regulations but where the Board is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine. However, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non - disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

3. Trading window

i) Designated Persons may execute trades subject to compliance with these Regulations. Towards this end, a notional Trading Window shall be used as an instrument for monitoring trading by the Designated Persons. The Trading Window shall be closed when the Compliance Officer determines that a Designated Person can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such securities to which such Unpublished Price Sensitive Information relates. Designated Persons and their immediate relatives shall not trade in securities when the trading window is closed.

The trading window shall remain closed for 7 trading days before the occurrence of the following events , as decided by Compliance Officer in consultation of Chairman of the Board:

- (a) Declaration of financial results (quarterly, half-yearly and annually).
- (b) Declaration of dividends (interim and final).
- (c) Issue of securities by way of public/rights/bonus etc.
- (d) Any major expansion plans or execution of new projects.
- (e) Amalgamation, mergers, takeovers and buy-back.
- (f) Disposal of whole or substantially whole of the undertaking.
- (g) Any changes in policies, plans or operations of the company.
- (h) Such other information as specified by various law, rules and regulations and ascertained by the Compliance Officer for this purpose.

ii) The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors including the Unpublished Price Sensitive Information 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. The trading window 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.

iii) In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.

4. Trading Plan

(a) Importance of Trading Plan

1. All Insiders may formulate a Trading Plan ('TP') and the same, if formulated shall be approved by the Compliance Officer subject to compliance of Code and Regulations.
2. By virtue of Trading Plan, the Insider can plan for trades to be executed by him/her in future.
3. No pre-clearance would be required for dealing in the securities of the Company once the Trading Plan gets approved.

(b) Requisites of Trading Plan

1. A trading shall be executed on expiry of six months from the date of public disclosure of the Trading Plan.
2. Trading as per TP shall not take place between 20th trading days prior to the last day of the financial period for which the results are required to be announced by the Company and 2 (two) trading days after the disclosure of such financial results.
3. Designated Person shall give one Trading Plan at a time and the same shall not be less than 12 months i.e. there cannot be any overlapping of Trading Plan's.
4. Trading Plan shall set out either the value of trades or the number of securities to be traded, along with specific dates and time intervals.
5. Trading on the basis of Trading Plan should not lead to market abuse.

(c) Approval of Trading Plan

1. The Compliance Officer shall review the Trading Plan to assess whether such plan has any potential and in not in violation of the Regulations and shall be entitled to seek such express undertakings as may be considered necessary including but not limited to the effect that the applicant is not in possession of UPSI.
2. On the basis of such assessment, the Compliance Officer shall within 15 days of the receipt of Trading Plan, approve or disapprove any trading plan so submitted. In case of dis-approval the Compliance Officer shall record the reasons for the same.

(d) Notification to Stock Exchange(s)

The Compliance Officer shall notify the particulars of the approved Trading Plan to the stock exchange(s) where its securities are listed.

(e) Execution of Trading Plan

1. Trading Plan once approved shall be irrevocable and has to be mandatorily implemented without any deviation.
2. The implementation of the Trading Plan shall be deferred if any UPSI in possession at the time of formulation of the plan has not become generally available at the time of commencement of implementation of such plan.

5. Pre-clearance & trades

(a) When the Trading Window is open, trading by all directors / designated persons in the securities of S P Apparels shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trade(s) is above a minimum threshold limit of 750 shares over any calendar quarter, or such other limits as the Board may stipulate. No Director / Designated Person shall apply for pre-clearance of any proposed trade if such Designated Person is in possession of Unpublished Price Sensitive Information even if the Trading Window is not closed. The application for pre clearance shall be made in **Form E** to the compliance officer

(b) While seeking Pre clearance all Directors / Designated Employees shall submit a declaration in **Form F** to the Compliance Officer confirming that he does not possess any UPSI. In case the Director or the designated employee has access to or receives "Price Sensitive Information" after the signing of the undertaking, but before the execution of the transaction he or she shall inform the Compliance Officer of the change in his position and that he or she would completely refrain from dealing in the securities of the Company till the time such information becomes generally available. He or She shall further undertake that he or she has not contravened the Code of Conduct for Prevention of Insider Trading as notified by the Company from time to time and that he or she has made a full and true disclosure in the matter.

(c) In case the Compliance Officer wishes to deal in the securities of S P Apparels, he/she would have to make the application in the prescribed **Form E** to the Managing Director of the Company.

(d) The Order in respect of securities 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. He shall report the execution of such Orders in **Form G** to the Compliance Officer within 2 days of the execution of the Order.

(e) 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 disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

(f) He shall also not take positions in derivative transactions in the shares of the company at any time.

6. Disclosure Responsibilities & formats

A. Initial Disclosures of holdings

(a) Every promoter, key managerial personnel and director of the Company shall disclose (in **Form A**) his holding of securities of the Company immediately on the listing of the shares of the Company.

(b) Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose (in **Form B**) his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven (7) days of such appointment or becoming a promoter.

B. Continual Disclosures of trades

i. Every promoter, employee and director of the Company shall disclose to the Company (in **Form C**) the number of such securities acquired or disposed of within two (2) trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter or after the prior disclosure made in the quarter to the Company crosses the threshold limit as per Regulations i.e. aggregates to a traded value in excess of Rs. 10,00,000/- (Rupees Ten Lacs) The Company shall within a period of two (2) working days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading.

ii. Any person/entities getting associated with the Company and falling within the ambit of 'Insider' shall make sure that their employees / associates are not in possession of UPSI enter into any securities trading pertaining to the Company. Also, such Insider or their employees and associates shall disclose the holdings and trading in the securities of the Company in **Form D**.

C. Annual Disclosure

Statement(s) in **Form H** disclosing the total number of shares or voting rights held, by him and / or immediate relative(s) as at the end of the financial year of the company, within 2 working days the end of the financial year. This is irrespective of whether there is any change in the holdings

7. Penalty for contravention of Code of Conduct

- i) Any contravention of these Regulations shall be dealt with by SEBI in accordance with the SEBI Act, and rules made there under.
- ii) Any Designated Person contravening the Code will be liable to penalty and appropriate disciplinary action including remuneration freeze, suspension, dismissal etc. as may be decided by the Chairman of the Board in consultation with the Compliance Officer. Such disciplinary action shall be recommended by the Audit Committee and approved by the Board.
- iii) The action by Company shall not preclude SEBI from taking any action in case of violation of Regulations.

8. Other Restrictions

- i) A Designated Person who is permitted to trade shall not execute a contra trade within 6 (Six) month of such trade in securities of the Company. The Compliance Officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations.
- ii) Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- iii) In case it is observed by the Board of Directors that there has been a violation of Regulations, the Compliance Officer, being authorized by the Board of Directors, shall promptly inform SEBI.

9. 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 Unpublished Price Sensitive Information or are reasonably expected to allow such access. They are advised to adhere to the Regulations strictly. In case it is observed by such persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these Regulations, they shall inform SEBI promptly, with a copy to the Company.

10. AMENDMENT TO CODE OF CONDUCT

The Board of Directors of S P Apparels Ltd reserves the right to add, amend, modify this Code of Conduct as and when it deems appropriate.

11. SAVINGS CLAUSE

If any rules under the code are in conflict with or inconsistent with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, then the SEBI (Prohibition of Insider Trading) Regulations, 2015 as modified/ amended from time to time, shall prevail and shall deemed to have been included in this code

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

1. INTRODUCTION :

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, (*hereinafter referred to as "Insider Trading Regulations"*) the Board of Directors of the Company in its meeting held on 14th November, 2016 approved the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information", The objective of the Code is to formulate a standard and stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. The Code is based on the principles of equality of access to information and the publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts and the publication of transcripts of such calls and meetings.

This Code shall be called as the "S P Apparels Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information". In substitution of the code and in order to find tune it in line with the amendments as is prescribed by SEBI in the Insider Trading Regulations, the Code of Conduct will be reviewed from time to time.

2. THE PRINCIPLES AND OBLIGATION :

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every promoter, director and employee who deals with unpublished price sensitive information has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. There shall be no selective disclosure of information and the company and every employee of the Company shall endeavor to ensure equal accessibility of information to all the stakeholders associated with the company.

3. APPLICABILITY:

This Code shall be applicable to Promoters/Directors/ employees / other connected persons of the Company.

4. POLICY:

- i The Company shall make prompt public disclosure of unpublished price sensitive information that would impact price discovery as soon as credible and concrete information comes into being and will make the same information generally available.
- ii The Company shall ensure that unpublished price sensitive information is disseminated uniformly and universally and shall avoid selective disclosure.
- iii The Company has designated Ms Vinodhini (Company Secretary / Compliance Officer) as a Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information. He shall be responsible for ensuring that the company

complies with continuous disclosure requirements, overseeing and coordinating disclosure of price sensitive information to stock exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.

The information disclosure / dissemination shall normally be approved by the Chief Investor Relations Officer or by such other officer as approved by the Board.

- iv. If any price sensitive information is disclosed selectively, inadvertently or otherwise without prior approval, the Chief Investor Relations Officer on having knowledge of such partial dissemination shall upload the information on the website of the Company and if required intimate the Stock Exchanges to ensure that the unpublished price sensitive information is generally available
- v. The Company shall lay down procedures for responding to any queries on news reports and requests for verification of market rumours by regulatory authorities. The response to these queries shall be appropriate and fair.

The company is not under an obligation to respond to market rumors or speculations. However if the media reports carry such information which is largely accurate, the information underlying the speculation or rumour or press report is based on insider information, which has been leaked. The company would therefore be under obligation to respond to the same and make the insider information generally available.

If the market information or press report is false or inaccurate, the company is not under an obligation to make any announcement / negative disclosures. However if the stock exchange were to make a query to clarify the position, the company must make a formal announcement to the stock exchange and shall not selectively disclose any information / make a negative disclosure.

- vi. The company shall provide only information that is generally available with the analysts/ research persons / large investors.

The company shall ensure that no inside information is given when answering an analyst's questions or reviewing an analyst's draft report. It is inappropriate for a question to be answered, or draft report corrected, if doing so involves providing inside information. When analysts visit the company, care shall be taken to ensure they do not obtain inside information. No analyst, investor or journalist should receive any selective release of inside information.

- vii. The company shall strive to 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. In order to avoid misquoting or misrepresentation, at least two company representatives shall be present at meetings with analysts / research personnel / large investors and discussion shall preferably be recorded. The company shall notice of unanticipated questions and give a considered response later. If the answer includes unpublished price sensitive information, the same shall be released to the public as the transcripts shall be uploaded on the website of the Company.
- viii. The company shall disclose / disseminate information through various media so as to achieve maximum reach and quick dissemination. The Company shall facilitate disclosure through the use of its dedicated Internet website. The Company websites shall provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers. The information filed by the Company with the stock exchanges under continuous disclosure requirement shall also be made available on the company website.
- ix. All unpublished price sensitive information shall be handled only on a "Need-to-Know" basis.

Acknowledgement of Receipt of Code of Business Conduct and Ethics

I have received and read the S P Apparels code for prohibition of insider trading and fair disclosure of unpublished price sensitive information, I understand the norms contained in the S P Apparels code for prohibition of insider trading and fair disclosure of unpublished price sensitive information. I further agree to comply with the S P Apparels code for prohibition of insider trading and fair disclosure of unpublished price sensitive information.

Signature :

Name: