

R & B DENIMS LIMITED
CIN No: L17120GJ2010PLC062949

POLICY ON PREVENTION OF INSIDER TRADING

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1. **PREFACE:**

Pursuant to Regulation 4(2)(c)(iv) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations**"), their amendment and any other applicable provisions, R&B Denims Limited (the "**Company**") is required to formulate a framework to avoid insider trading and abusive self-dealing ("**Insider Trading Policy**").

Insider trading occurs when any person subscribes, buys, sells, deals, or agrees to subscribe, buy, sell, deal in any securities and trades in a security while in possession of non public material information relating to the Securities of the Company that are listed or proposed to be listed which is considered to be both "price sensitive" and "not generally available". Insider trading is a crime, an offence punishable under extant laws in India and could result in some serious sanctions, including imprisonment, disgorgement of profits, civil and criminal fines. Preventing insider trading is necessary to comply with the Regulations of Securities and Exchange Board of India (SEBI) or the Stock Exchanges as well as to preserve the reputation and integrity of the Company and that of all persons affiliated with it.

R&B Denims Limited is committed to preserving the confidentiality and preventing the misuse of any UPSI thereby ensuring transparency and fairness in dealing with all stakeholders of the Company. The Company has no tolerance for any form of Insider Trading or similar unlawful security related trade practices.

2. **OBJECTIVE:**

- (a) This Insider Trading Policy is enforced to maintain the highest ethical standards of dealing in securities of the Company by persons to whom it is applicable. The provisions of the Insider Trading Policy are designed to regulate, monitor and report trading by Insiders in the securities of the Company.
- (b) This Code is prescribed to ensure that no employees or directors of the Company or any connected persons or anyone else who has material inside information about the Company trade in the securities of the company when in possession of un-published price sensitive information (UPSI), and to prevent any speculative dealings, knowingly or unknowingly, by the Designated Persons.

3. **DEFINITIONS:**

- (a) "**Insider Trading**" shall have the meaning set forth in the Companies Act, 2013;
- (b) "**Insider**" means any person who is or was a "Connected Person" or in possession of or having access to unpublished price sensitive information;
- (c) "**Compliance Officer**" means the Officer appointed by the Board of Directors at its meeting; 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 listed company or the head of an organization, as the case may be.
- (d) "**Confidential Information**" shall mean any information which is directly or indirectly related to the Company and associate companies and which is not available to the general

public or which is proprietary in nature and includes Unpublished Price Sensitive Information as defined under the Insider Trading Regulations;

(e) **“Connected Persons”** means:

- (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, -
- (iii) an immediate relative of connected persons specified in clause (i); or
- (iv) a holding company or associate company or subsidiary company; or
- (v) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (vi) an investment company, trustee company, asset management company or an employee or director thereof; or
- (vii) an official of a stock exchange or of clearing house or corporation; or
- (viii) 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
- (ix) 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
- (x) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (xi) a banker of the company; or 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;

(f) **“Prohibited Period”** means the period effective from the date on which the Company sends intimation to the Stock Exchange advising the date of the Board Meeting, up to 24 hours after the price sensitive information is submitted to the Stock Exchange.

(g) **“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 the following: -

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, 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.

4. DUTIES OF COMPLIANCE OFFICER:

- (a) He shall maintain a record of designated employees and any changes made to the list of Connected Persons.
- (b) He may in consultation with the CEO / Board of Directors and shall as directed by the Board, specify Prohibited Period from time to time and immediately make an announcement thereof to all concerned.
- (c) He shall maintain a record of Prohibited Period specified from time to time.
- (d) He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information, pre-clearing of Designated Employees and their dependents' trades, monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of the Company.
- (e) He shall maintain records of all the declarations submitted in the appropriate form given by the Directors, Officers, and Designated Employees for a minimum period of three years.
- (f) He shall place before the CEO / Board of Directors, on a monthly basis all the details of the dealing in the securities by Designated Employees, Directors, Officers of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in these rules.
- (g) He shall from time to time inform the Stock Exchanges of any Price Sensitive Information on immediate basis.
- (h) He shall intimate to all Stock Exchanges on which the securities of the Company are listed the relevant information received.
- (i) He shall be responsible for overseeing and coordinating disclosure of Price Sensitive Information to Stock Exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure and report to the CEO / Board of Directors.
- (j) He shall inform SEBI of any violation of the PIT Regulations within 7 days of knowledge of violation.
- (k) He shall do all such things as provided in the SEBI Insider Trading Regulations and as may be prescribed by SEBI from time to time.

5. PRESERVATION OF PRICE SENSITIVE INFORMATION:

Directors, Designated Employees, Officers shall maintain the confidentiality of all Price Sensitive Information. Employees / Directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities. Following practices should be followed in this regard:

- (a) Need to know

Unpublished Price Sensitive Information is to be handled on a "need to know" basis, i.e., 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 information.

(b) Limited access to confidential information

- Files containing confidential information shall be kept secure. All employees or directors should take all steps and precautions necessary to restrict access to, and secure, material and non-public information from unauthorized persons.
- Computer files must have adequate security of login and pass word, etc.
- Files containing confidential information should be deleted / destroyed after its use.
- Personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

6. **PROHIBITION ON DEALING, COMMUNICATING OR COUNSELING ON MATTERS RELATING TO INSIDER TRADING**

No Insider shall:

- either on his own behalf, or on behalf of any other person, deals in securities of the Company when in the possession of any unpublished price sensitive information; or
- communicates, counsel or procures, directly or indirectly any unpublished price sensitive information to any person. However these restrictions shall not be applicable to any communication required in the ordinary course of business or under any law.

7. **TRADING RESTRICTIONS:**

All Directors / Officers and designated employees of the Company shall be subject to trading restrictions as enumerated below:-

(a) Trading Window:

The period prior to declaration of Price Sensitive Information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Directors, Officers and Designated Employees will, during that period, often possess unpublished price sensitive information. During such sensitive times, the Directors, Officers and Designated Employees will have to forego the opportunity of trading in the Company's securities. The Directors, Officers and Designated Employees of the Company shall not deal in the securities of the Company when the trading window is closed. The period during which the trading window is closed shall be termed as prohibited period.

(b) The trading window shall be, inter alia, closed at the time of:

- Declaration of Financial results (quarterly, half-yearly and annual);
- Declaration of dividends (interim and final);
- Issue of securities by way of public / rights / bonus, etc.;
- Any major expansion plans or execution of new projects;
- Amalgamation, mergers, takeovers and buy-back;
- Disposal of whole or substantially whole of the undertaking;
- Any changes in policies, plans or operations of the Company disruption of operations due to natural calamities;
- Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

- The period of closure shall be effective from the date on which the Company sends intimation to Stock Exchange advising the date of the Board Meeting, up to 24 hours after the Price sensitive information is submitted to the Stock Exchange.
- The trading window shall be opened 24 hours after the Price Sensitive Information is made public.
- All Directors, Officers, Designated Employees of the Company shall conduct all their dealings in the securities of the Company only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's securities during the prohibited periods or during any other period as may be specified by the Company from time to time.
- 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.

8. PRE-CLEARANCE OF TRADES:

All Designated Persons who intend to deal in securities of the Company in their own name or in the name of their dependent family members (above the minimum threshold limit), shall obtain pre-clearance of the transactions as per the pre-dealing procedure as described hereunder. However, no Designated Person shall apply for pre-clearance of any proposed trade if such person is in possession of Unpublished Price Sensitive Information even if the trading window is not closed.

Pre-dealing Procedure:

- (a) An application for pre-clearance of trade may be made in the prescribed form to the Compliance Officer along with an undertaking in favour of the Company by such Designated Employee, Director, Officer incorporating, inter alia, the following clauses, as may be applicable
- (b) An undertaking shall be executed by such Designated Employee, Director, Officer that the employee/ director/officer does not have any access or has not received Price Sensitive Information up to the time of signing the undertaking.

That in case the Designated Employee, Director, Officer 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 public in the securities of the Company till the time such information becomes public.

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.

That he or she has made a full and true disclosure in the matter.

- (c) The Compliance Officer shall on receiving an application provide the Director, Officer, and Designated Employee with an acknowledgement on the duplicate of the application.
- (d) The Compliance Officer shall grant approval within 2 days from the date of acknowledgement.
- (e) The Compliance Officer shall retain copies of all applications and acknowledgements.

- (f) In exceptional circumstances consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any Unpublished Price Sensitive information. There shall be no obligation to give reasons for any withholding of consent.
- (g) All Directors, Officers, Designated Employees shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the Directors, Officers, and Designated Employees must pre clear the transaction again. All Directors, Officers, Designated Employees shall hold their investments in securities for a minimum period of 30 days irrespective of mode of acquisition in order to be considered as being held for investment purposes.
- (h) The holding period shall also apply to subscription in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.
- (i) In case the sale of securities is necessitated by personal emergency, the Compliance Officer may waive the holding period after recording in writing his or her reasons in this regard on an application for waiver of holding period.

9. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

The following disclosures shall be made to the Compliance Officer:

(a) Initial Disclosures:

Every Promoter, Key Managerial Personnel and Director shall disclose to the Company within thirty days of the Regulations taking effect the number of securities of the Company held by him, his immediate relatives and by any other person for whom he takes trading decisions as on the date of these Regulations taking effect in the form prescribed by the Securities and Exchange Board of India and as amended from time to time;

Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter shall disclose the number of securities of the Company held by him, his immediate relatives and by any other person for whom he takes trading decisions, as on the date of appointment or upon becoming a Promoter, to the Company within seven days of such appointment or becoming a promoter in the form prescribed by the Securities and Exchange Board of India and as amended from time to time.

(b) Continual Disclosures:

Every Director, Officer and Designated Employee of the Company shall disclose to the Company the number of such securities acquired or disposed of by him, his immediate relatives and by any other person for whom he takes trading decisions within two working days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified.

The aforesaid disclosure has to be made within 2 working days of:-

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

(c) Disclosure by the Company

The Company shall notify the particulars of such Trading to the stock exchanges on which the Company's Securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information in the form prescribed by the Securities and Exchange Board of India and as amended from time to time.

(d) Disclosures by other connected persons:

The Company may, at its discretion, require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in Securities of the Company in such form prescribed by the Securities and Exchange Board of India and as amended from time to time and at such frequency as may be determined by the Company in order to monitor compliance with the Regulations.

(e) Quarterly / Half Yearly / Annual Disclosures:

All Directors, Officers, Designated Employees dealing in the Securities of the Company shall be required to forward following details of their Securities transactions including the holdings of dependent family members to the Compliance officer in the manner prescribed:

- (i) All holdings in securities of the Company by Directors, Officers, Designated Employees at the time of joining the Company;
- (ii) In respect of existing Directors, Officers, Designated Employees, all holdings in securities of the Company as on the date specified by the Company Secretary.
- (iii) Statement of any transactions in securities of the Company, whether pre-clearance of trade was obtained or not, and
- (iv) Annual statement of all holdings in securities of the Company as on March 31 of each year.

10. RECORDS OF DISCLOSURES RECEIVED BY THE COMPANY:

The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Directors, Officers, and Designated Employees for a minimum period of three years. The Compliance officer shall place before the CEO / Board of Directors, on a monthly basis all the details of the dealing in the securities by the Designated Employees, Directors, Officers of the Company and the accompanying documents that such persons had executed under the pre - dealing procedure as envisaged in this code.

11. INFORMATION TO SEBI IN CASE OF VIOLATION OF THE PIT REGULATIONS:

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

12. AMENDMENT OF THIS CODE:

The Board of Directors (including Managing Committee of the Board of Directors) of R&B Denims Limited is authorized to change / amend this Code from time to time at its sole discretion and/or in pursuance of any amendments made in the SEBI Regulations, 2015.