

# **STAR PAPER MILLS LIMITED**

## **CODE OF PRACTICES & PROCEDURE FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION {under SEBI (Prohibition of Insider Trading) Regulations , 2015}**

The Code of Fair Disclosure is a part of Code of Conduct and the principles under Code of Conduct and Code of Fair Disclosure are to be read harmoniously.

### **A code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles is set out below-**

- I. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- II. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
- III. The company secretary is designated as Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- IV Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

### **Brief of the practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles above is set out below-**

1. The disclosure shall be in a uniform manner and shall not be on a selective basis.
  2. The company secretary is designated as Chief Investor Relations Officer (the “**CIRO**”) to deal with dissemination and disclosure of unpublished price sensitive information in a uniform manner.
  3. The CIRO shall obtain prior approval of Managing Director or the Board depending on the sensitivity of information before releasing to the media and the analyst.
  4. If any information is accidentally disclosed or selectively disclosed, the person responsible for such disclosure shall promptly intimate the same to CIRO. The CIRO shall make best efforts to make the information generally available.
  5. The Company shall disseminate all unpublished price sensitive information first to stock exchanges where its securities are listed.
  6. The Company shall consider all other modes of disclosure which assures prompt and uniform disclosure.
  7. The Company shall always comply with applicable laws in SEBI regulations relation to Takeovers, Insider Trading, and Listing Agreement with the stock Exchanges while disclosure of unpublished price sensitive information.
  8. The CIRO will propose necessary changes to this Code of Fair Disclosure as and when the same are necessitated. The proposal will be considered by the Board of Directors of the Company and, if approved, will take effect immediately following the Board Meeting in which such proposals are approved.
- V. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities. A brief code of practice to be followed by the Company is as under:
1. The Directors and Employees shall promptly direct any queries or requests for verification of market rumors received from the stock exchanges or press or media or any other source to CIRO.
  2. The CIRO shall respond to such request for information at the earliest possible.

3. It is a general policy that the Company shall not respond to any rumors or speculations.
4. The CISO in consultation with the Chairman/MD shall appropriately comment to the rumors that are likely to affect the price of the securities.
5. All request for information, rumors, speculations and their responses, if any, shall be documented by the CISO.

VI. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.

VII. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

1. All Employees and Directors shall provide only public information to analyst and research analysts, media, financial institutions etc.
2. In case any unpublished information is to be disclosed to aforesaid entities, the employee proposing to disclose such information shall do so only after consultation and approval from the CISO and the Chairman/Managing Director.
3. All meetings with the analysts, media personnel, and financial institutions should be documented, recorded or minuted.

VIII. Handling of all unpublished price sensitive information on a need-to-know basis. Some of the best practices to be followed in this regard are set out hereunder:

1. Price sensitive information must be handled on a need to know basis.
2. Such 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 any conflict of interest.
3. Any unpublished price sensitive information selectively disclosed to any person must be pursuant to consultation and approval from the Chairman/MD of the Company. The recipient of such information should be appropriately informed of this Code of Conduct and Code of Fair Disclosure.
4. CISO and Board shall make sure while dealing with third parties that confidentiality agreements or non-disclosure agreements shall be entered into wherever necessary to keep the information confidential.

#### VIIIA. Policy for Determination of Legitimate Purposes

Pursuant to Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2015, Policy for determination of legitimate purposes is a part of 'Codes of Fair Disclosure and Conduct'. The objective of this policy is to identify 'Legitimate Purposes' for performance of duties or discharge of legal obligations, which will be considered as exception for the purpose of procuring unpublished price sensitive information (UPSI) relating to the company.

The words, terms and expressions used in the policy shall have the same meanings given under SEBI (Prohibition of Insider Trading) Regulations, 2015.

'Legitimate Purposes' shall mean sharing of UPSI in the ordinary course of business by an Insider with the following, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations:

1. Promoters and members of the Company
2. Directors, Key Managerial Personnel (KMPs), Designated Persons, Supporting Staff.
3. Auditors (Statutory, Internal, Cost, Secretarial, GST and any other Auditor as applicable)
4. Staff members of audit firm/team conducting the audit.
5. Legal Advisors/ Tax Consultants
6. Any other person with whom UPSI is shared.

Any person in receipt of UPSI pursuant to a 'Legitimate Purposes' as an 'Insider' shall keep information as confidential and shall not trade in securities of the Company.

#### **VIII B. Structured Digital Database**

The company shall maintain a structured digital database containing the names of such persons or entities as the case may be with whom information unpublished price sensitive information is shared along with Permanent Account Number (PAN) or any other identifier authorized by law where PAN is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

#### **IX Process of Public disclosure**

1. The Company shall always comply with all applicable laws and Regulations regarding the timely disclosure of unpublished price sensitive information. In order to ascertain whether the information is price sensitive or not the Company shall take guidance from SEBI Regulations, Accounting Standards, Companies Act 2013 including, SEBI (Prohibition of Insider Trading) Regulations, 2015, Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011.
2. Once unpublished price sensitive information is ascertained, determined and adopted, the Compliance Officer in consultation with the Managing Director or the Board of Directors of the Company shall take all actions for full and fair disclosure of such information on a uniform basis.
3. The CIRO shall validate all the facts in relation to such information in order to ascertain that the release clearly and effectively communicates the intended substance and meaning of the information to the public.
4. Post review and approval, the CIRO and the Chairman/MD of the Company shall determine a time and date of such disclosure to stock exchanges and regulatory bodies.

# **STAR PAPER MILLS LIMITED**

## **CODE OF CONDUCT FOR REGULATING & REPORTING TRADING BY INSIDERS, 2015**

### **CHAPTER I – INTRODUCTION**

#### **1. Introduction**

The code of conduct adopted pursuant to SEBI (Prohibition of Insider Trading), 2002 was further amended & adopted by the Board of Directors on 14<sup>th</sup> Aug., 2015 pursuant to new insider trading regulations i.e SEBI (Prohibition of Insider Trading), Regulations 2015. This code is further revised time to time in view of amendments made in SEBI (Prohibition of Insider Trading), Regulations 2015

#### **2. The Policy and Obligations**

The Company endeavors to preserve the confidentiality of unpublished price sensitive information and to prevent misuse of such information. No Director and other Designated person will use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

#### **3. Objective of the Code**

The objective of the Code is to regulate, monitor and report trading by Designated persons and their immediate relatives towards achieving compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code shall also provide for practices and procedures for fair disclosure of unpublished price sensitive information.

#### **4. Applicability**

This Code shall apply to all Designated persons and their immediate relatives, connected persons as mentioned in this Code.

#### **5. Definitions**

The words, terms and expressions used in the Code shall have the same meanings given in Regulation 2 of SEBI (Prohibition of Insider Trading) Regulations, 2015.

### **CHAPTER II- CONFIDENTIALITY & COMMUNICATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

#### **6. Compliance Officer**

6.1 Company Secretary shall be the Compliance Officer for the purpose of the Code.

6.2 The Compliance Officer will seek compliance of policies, procedures, maintenance of records, monitoring of trades and implementation of Code of Conduct.

6.3 Record of Designated Employees shall be maintained by the compliance officer.

6.4 The Compliance Officer shall provide any clarifications with regard to implementation of this Code.

6.5 The Compliance Officer shall designate a Senior Official to act as Compliance officer in his absence.

#### **7. Preservation of 'Unpublished Price Sensitive Information'**

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.

Any person in receipt of unpublished price sensitive information (UPSI) pursuant to a 'legitimate purposes' shall be considered an insider and due notice shall be given to such person to maintain confidentiality of such UPSI.

'Legitimate purposes' include sharing of UPSI in the ordinary course of business by an insider with partners, lenders, legal advisors, auditors, insolvency professionals, or other advisors or consultants etc.

### **CHAPTER III- TRADING RESTRICTIONS**

8. 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.

*Explanation: 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 except when the insider proves his innocence.*

#### **9. Trading Window**

9.1 The trading window shall be closed during the time the information referred to in clause 9.2 becomes generally available.

9.2 The Trading Window shall be *inter-alia* closed:

(a) *from the end of every quarter till 48 hours after the declaration of financial results;*

(b) Seven days prior to Board meeting for declaration of any dividend;

(c) Seven days prior to Board meeting for change in capital structure like issue of securities by way of public/right/bonus, buy-back etc;

(d) Seven days prior to the Board Meeting held to approve any mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;

(e) For such period and for any such other material event(in accordance with the listing agreement) as may be deemed fit by the Compliance Officer;

However if the circumstances so warrants the time for closing the window may be increased or decreased with the approval of Managing Director.

9.3 The trading window shall be opened 48 hours after information referred to in clause 9.2 becomes generally available.

9.4 All Designated persons and their immediate relatives shall conduct all their trading in the securities of the company only in a valid trading window and shall not trade in company's securities during the periods when trading window is closed

9.5 The trading window restrictions 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.

#### **10. Pre-clearance of Trades**

10.1 All Designated persons and their immediate relatives who intend to trade in the securities of the company above a minimum of 3000 shares of the company per transaction should pre-clear the

transactions as per the pre-trading procedure as described hereunder.

10.2 An application shall be made in Form 'PC-I' to the Compliance Officer indicating the estimated number of securities that the Designated persons or their immediate relatives intends to trade in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.

10.3 All Designated persons and their immediate relatives shall execute their order in respect of securities of the company within seven trading days after the approval of pre-clearance is given. If the order is not executed within the aforementioned specified period, the Designated persons must pre-clear the transaction again.

10.4 In case the Designated persons or his/ her immediate relative decides not to execute the trade after securing pre-clearance, he/ she shall inform the Compliance Officer of such decision alongwith reasons thereof immediately.

10.5 No Designated persons or his/ her immediate relative shall apply for pre-clearance of any proposed trade when the trading window is closed or if he/ she is in possession of unpublished price sensitive information.

10.6 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 unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

*10.7 It shall be the responsibility of Designated person(s) to ensure compliance of clauses 10.1 to 10.4 above in case of their immediate relatives also. All designated persons shall disclose, on annual basis or in case of change, the name, PAN, phone no of the their immediate relatives and persons with whom such designated person(s) shares a material financial relationship. In addition, names of education institutions from which designated persons have graduated and names of their past employers shall also be disclosed on one time basis.*

10.8 All Designated persons who buy or sell any number of shares of the company shall not execute a contra trade i.e. sell or buy any number of shares during the next six months following the prior transaction.

10.9 The Compliance Officer may grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the regulations.

10.10 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 SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

*10.11 The Board of Directors shall in consultation with the compliance officer specify the designated persons to be covered by this code of conduct on the basis of their role and function in the organisation and the access to unpublished price sensitive information and shall include:-*

- (i) Employees of the company in the Grade of GM and above;*
- (ii) Promoters of the company*
- (iii) Members of the Board of Directors and KMPs*
- (iv) Employees in EDP, Finance & Accounts who have access to unpublished price sensitive information.*
- (v) Any other employee as may be determined to be designated person.*

## 11. Trading Plans

11.1 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 on his behalf in accordance with such plan.

11.2 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 Company 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 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.

11.3 The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of the 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.

11.4 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.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information.

11.5 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

## CHAPTER IV REPORTING AND DISCLOSURE REQUIREMENTS

### 12.1 Disclosure Requirements

<b>Initial Disclosures By Whom</b>	<b>What to be disclosed</b>	<b>When to be disclosed</b>	<b>Form</b>
Promoter/ Director/ KMP to the Compliance Officer	Holding of securities of the Company as on the date of this Code taking effect i.e. 15.05.2015	Within 30 days of this Code taking effect i.e. 15.05.2015	In Prescribed Form
Promoter/ Director/ KMP to the Compliance Officer	Holding of securities of the Company as on date of appointment or becoming Promoter	Within 10 days of such appointment or of becoming Promoter	In Prescribed Form

12.2 The Compliance Officer shall maintain records of all the disclosures/ declarations/undertakings/ forms as mentioned in this Code, as received from time to time, for a period of five years.

## **CHAPTER V- MISCELLANEOUS**

### **13. Penalty for Contravention of the Code**

13.1 All Designated persons and Connected Persons who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalized and appropriate action may be taken including wage freeze, suspension etc.

13.2 The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.

13.3 In case it is observed that there has been violation of the Regulations, the Company shall inform to the SEBI.