



HISAR SPINNING MILLS LIMITED

REGD. OFF. & WORKS : 9th K.M. STONE, HISAR, BHIWANI ROAD, V.P.O. DABRA (HISAR)-125005
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May 15, 2015

To,
The Corporate Relations Department
The BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai -400001

Sub: Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015

Dear Sir / Madam,

We would like to inform you that the Company has adopted following codes in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015:-

- Code of practices and procedures for fair disclosure of unpublished price sensitive information
- Code of conduct to regulate, monitor and report trading by insiders

Copies of the aforementioned codes are attached. Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For Hisar Spinning Mills Limited

A handwritten signature in black ink, appearing to be a stylized name, is written over the printed name of the authorized signatory.

Authorised Signatory

Encl.: As above

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UNPUBLISHED PRICE SENSITIVE INFORMATION**

Objective

In India, regulatory framework as laid down under the SEBI (Prohibition of Insider Trading) Regulations, 2015 requires the companies to put in place policy framework for ensuring fair disclosure of events and occurrence that could impact price of the company's shares in the market.

Accordingly, the Board of Directors of Hisar Spinning Mills Limited ("Company") has adopted the following written policies and framework for ensuring compliance with the said provision.

Chief Investor Relations Officer (CIRO)

Mr. Sharad Goel shall act as the Chief Investor Relations Officer "CIRO" of the Company to deal with dissemination of information and disclosure of UPSI and compliance with this Code.

Code of Practice and Procedure

1. Prompt public disclosure of unpublished price sensitive information ("UPSI") shall be made, as soon as, credible and concrete information comes into being in order to make such information generally available.

Explanation:

UPSI shall mean as defined in clause ix of definitions of the Company's Code of Conduct under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

2. Disclosure of UPSI shall be in a uniform and universal manner and shall not be on selective basis.
3. UPSI that gets disclosed selectively, inadvertently or otherwise shall be promptly disseminated to make such information generally available.
4. Appropriate and fair response should be made to queries on news reports and requests for verification of market rumours by regulatory authorities.
5. Information shared with analysts and research personnel should not be UPSI;
6. Proceedings of meetings with analysts and other investor relations conferences shall be recorded in writing and shall be promptly disseminated on the official website of the Company.
7. UPSI shall be handled on a need-to-know basis in accordance with the Company's Code of Conduct under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Code of Conduct under Securities and Exchange Board of India
(Prohibition of Insider Trading) Regulations, 2015

PREAMBLE:

In India, regulatory framework as laid down under the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 prohibit insider trading and requires the companies to put in place policy framework for ensuring compliance with the said legal requirements.

Accordingly, the Board of Directors have formally adopted the following written policies and framework for ensuring compliance with the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 and the said policy framework overrides the earlier Code of Conduct for Insider Trading "hereinafter referred to as "Code of Conduct", as adopted by the Company.

OBJECTIVE:

This Code of Conduct is adopted with an objective to regulate, monitor and report trading of Company securities by employees and connected persons, and to ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013.

DEFINITIONS:

For the purpose of this policy framework, the following terms shall mean:

- i. "Act" means the Companies Act, 2013 and Rules made there under.
- ii. "Company" means Hisar Spinning Mills Limited.
- iii. "Connected persons" means:
 - a. 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.
 - b. List of Connected Persons includes, but is not limited to:
 - Board of Directors of the Company;
 - Officers and employees of the Company;
 - Any person including but not limited to individual, firm, trust, company having Contractual relationship with the Company, including a professional or business relationship, whether temporary or permanent;
 - Immediate relatives of any connected person;
 - Holding company or associate company or subsidiary company;

- An intermediary as specified in section 12 of the Securities and Exchange Board of India Act, 1992 or an employee or director thereof; or
 - An investment company, trustee company, asset management company or an employee or director thereof; or
 - An official of a stock exchange or of clearing house or corporation; or
 - 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
 - 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
 - An official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - 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 percent of the holding or interest;
- iv. **"Immediate relative"** means a spouse of Designated Persons, 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;
- v. **"Insider"** shall mean any person who is:
- a. a connected person; or
 - b. in possession of or having access to unpublished price sensitive information;
- (as may be amended by SEBI from time to time)*
- vi. **"Regulations"** means Listing Agreement with the Stock Exchange (s), Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any other regulations, prescribed by the Securities and Exchange Board of India;
- vii. **"SEBI"** means Securities and Exchange Board of India;
- viii. **"Trading"** means and includes subscribing, buying, selling pledging, dealing, or agreeing to subscribe, buy, sell, deal in any securities.
- ix. **"unpublished price sensitive information/ UPSI"** 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:-
- a. Financial results and reasonably accurate profit/loss forecasts
 - b. Proposed dividends & bonus shares;
 - c. Proposed change in capital structure;
 - d. Proposed issue or buy-back or split of securities;
 - e. Transactions whether ongoing or pending or planned, including but not limited to mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and/ or undertaking;
 - f. Changes in key managerial personnel;

- g. Any significant changes in policies, plans or operations of the company;
- h. Significant product introductions
- i. Any other information that has a potential to significantly impact the price of securities of the company listed on the stock exchanges
- j. Material events in accordance with the listing agreement as attached in Annexure I.

WHO ARE COVERED:

For this purpose, persons who are covered by the Code ("Designated Persons") shall include:

- i. Connected Persons as defined under clause 3 of the Definitions;
- ii. Senior managers of the Company
- iii. All employees in the finance and legal department.
- iv. Key contractors and/ or consultants of the finance and legal department and the Auditors and their employee staff.
- v. Any employee or third party(s) with access to unpublished price sensitive information about the Company as a result of their employment or engagement with the Company

WHAT IS COVERED:

This Code is applicable to Designated Persons and Immediate Relatives, who shall not either on their own and/ or on behalf or through any other person trade in securities of the Company on the basis of or when in possession of UPSI.

DUTY TO MAINTAIN CONFIDENTIALLY

In order to protect the confidentiality of the UPSI, Designated Persons shall handle UPSI with utmost care and shall comply with the following standards of care for information security:

1. Designated Persons shall communicate or counsel or procure or disclose any UPSI to any person (whether Designated Person or not) only for legitimate business purposes performance of duties or discharge of legal obligations.
2. Some third parties may have access to UPSI as a result of their engagement with the Company who shall also be responsible maintain the Confidentiality of UPSI. Designated Persons dealing with the third parties are responsible for ensuring that a Confidential Disclosure Agreement ("CDA") is signed obligating such third parties to (1) keep the information confidential and not to solicit or disclose to any third party (2) not to trade in shares of the Company either themselves or through any other source, on the basis of such information.

REGULATED TRANSACTIONS AND RESTRICTIONS:

i) Transaction in Company Shares only through Trading Window:

The trading window shall be closed during the time the UPSI is unpublished. The trading window closure period shall be determined by the Compliance Officer on basis of UPSI being considered within the organization. The trading window shall be closed atleast 7 days prior to the event when the UPSI is being considered and shall open 48 hours after the information become generally available.

The trading window closure dates shall be advised by the Compliance Officer. In addition, the Company may from time to time notify any other event and any other period for closing of trading window.

Designated Persons and their Immediate Relatives are prohibited from Trading in securities or soliciting the UPSI either on their own or through any other person during the trading window closure. For compliance with this Code, Designated Persons are advised to inform their share brokers/ dealers/ depository participants, in writing about the prohibition on Trading in the securities of the Company during trading window closure.

ii) Pre-clearance of trades, for transacting through trading window

Designated Persons may transact in the securities of the Company through trading window. A pre-clearance from the Compliance Officer is mandatory in the event, a Designated Person or his Immediate Relatives are trading in more than 100 shares of the Company/ shares having a value INR 500,000 (Rupees Five Lacs Only), whichever is lower.

When seeking approval for pre-clearance of trade, Designated Person shall provide the following:

- a. Designated Person shall confirm that he/she is not in possession of UPSI during the period starting from application for pre-clearance up to the conclusion of execution of trade. To this effect, Designated Person shall provide a declaration confirming that he/she is not in possession of any UPSI.
- b. If the Designated Person obtains any UPSI after making application for pre clearance but prior to transacting in Shares of the Company, Designated Person shall inform the Compliance Officer promptly and refrain from Trading in Shares of the Company.
- c. Designated Persons shall make an application for pre clearance to the Compliance Officer stating the number of Shares that he/she intends to Trade or transact in along with full details of Depository Participant and Client ID. In an event of trades being executed by Dependents or immediate relatives of a Designated Person, the Designated Person shall make the application on behalf of their Dependents.
- d. The pre-clearance of trade is only valid for a period of seven days from the date of approval.

- e. Designated Persons shall ensure compliance with disclosure requirements as per Annexure I of the Code

iii) Other restrictions:

- A. In addition to the above, Designated Persons shall comply with the following restrictions while trading in the securities of the company:
 1. All securities held by Designated Persons and immediate relatives shall be held for a minimum period of six months.
 2. Designated Persons and immediate relatives shall not enter into a contra Trade or opposite transactions for any number of shares during the next six months following the prior transaction.
 3. Designated Persons and immediate relatives shall also not take positions in derivative transactions in the shares of the company at any time.
 4. Designated Persons may seek an exception to the above restrictions from the Compliance Officer on account of personal emergencies. Compliance officer may grant or reject such an exception within a period of seven (7) working days.
- B. Designated Persons shall comply with the following restrictions when trading in securities of other companies:
 1. Designated Persons are prohibited from trading in the securities of any company based on UPSI received or procured by the said Designated Person as an effect of its employment/ engagement with the Company;
 2. Pre-clearance of trade from the Compliance Officer shall be sought by the Designated Persons for trading in securities of any other companies, wherein the Designated Person possesses UPSI of the other company.

DISCLOSURES:

Designated Persons shall follow the disclosure requirements as laid down under a Annexure II.

INQUIRY/INVESTIGATION

In an event of discovery or reporting of non-compliance with the Code, the Compliance Officer shall conduct an inquiry and if satisfied that a possible violation of the Code has taken place, the Compliance Officer shall issue a show cause notice and conduct an investigation following the principles of natural justice.

In the event, the person is found guilty of contravention of the Code, the Compliance Officer shall take appropriate action and submit a report of the investigation along with the compliance order to the Chairman of the audit committee of the Board of Directors of the Company.

Board of Directors shall inform SEBI and any other applicable regulatory authority, promptly of any violations of the Code and/ or Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and/ or Section 195

of the Companies Act, 2013.

PENALTIES

Whoever violates the Code of Conduct shall be penalized by a monetary fine, wage freeze, suspension or termination from employment or any other action as the Company may deem appropriate.

In an event of an inadvertent violation of the requirement to hold securities for a minimum period of six months the profits received from such contra trade, if any shall be recovered from the employee and transferred to the Investor Education and Protection Fund of SEBI.

The aforesaid penalties shall not limit SEBI's ability to take action for violation of Insider Trading Regulations as provided in the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

COMPLIANCE OFFICER

Mr. Sharad Goel is the Compliance Officer of the Company.

ANNEXURE I

- a. Material events in accordance with the listing agreement are detailed herein below:
- i. Strikes, lock-outs, closure on account of power cuts, etc. both at the time of occurrence of the event and subsequently after the cessation of the event
 - ii. Change in the general character or nature of business
 - iii. Disruption of operations due to natural calamity
 - iv. Commencement of Commercial Production/Commercial Operations
 - v. Developments with respect to pricing/realisation arising out of change in the regulatory framework
 - vi. Litigation/dispute with a material impact
 - vii. Revision in Ratings
 - viii. Issue of any class of securities.
 - ix. Acquisition, merger, de-merger, amalgamation, restructuring, scheme of arrangement, spin off or selling divisions of the company, etc.
 - x. Change in market lot of the company's shares, sub-division of equity shares of company.
 - xi. Voluntary delisting by the company from the stock exchange(s).
 - xii. Forfeiture of shares.
 - xiii. Any action, which will result in alteration in, the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the company.
 - xiv. Information regarding opening, closing of status of ADR, GDR, or any other class of securities to be issued abroad.
 - xv. Cancellation of dividend/rights/bonus, etc.

ANNEXURE II

OPERATIONAL GUIDELINES FOR DISCLOSURES/TRADING IN SHARES OF THE COMPANY

4.1 Initial disclosures

1. Every person on appointment as a Director or key managerial personnel of the Company or upon becoming a Promoter shall disclose holding of Shares of the Company as on the date of appointment or becoming a Promoter to the Company within 7 days of such appointment or becoming a Promoter.

4.2 Continual disclosures

1. Every Promoter and Designated Person of the Company shall disclose to the Company the number of such Shares acquired or disposed of within 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, aggregates to a traded value in excess of ten lakh rupees or such other value as may be notified by the Securities & Exchange Board of India ("SEBI") from time to time;