



Code of Conduct to Regulate, Monitor and Reporting of Trading by Insiders of Sadbhav Engineering Limited

(Adopted by Board of Company on March 30, 2019 and effective from April 01, 2019)

This Code of Conduct to Regulate, Monitor and Reporting of Trading by Insiders of Sadbhav Engineering Limited (SEL) ("Code") has been framed pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

1. INTRODUCTION:

- 1.1** The Securities and Exchange Board of India ("SEBI") notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") on January 15, 2015, effective from May 15, 2015. Pursuant to regulation 8 of the Regulations, Sadbhav Engineering Limited ("Company") is required to formulate and have published on Sadbhav Engineering Limited website, a code of practices and procedures for fair disclosure of unpublished price sensitive information ("Disclosure Code"). Accordingly, the board of directors of Sadbhav Engineering Limited ("Board") has formulated this Disclosure Code.
- 1.2** The objective of this Disclosure Code is to ensure timely and adequate public disclosure of Unpublished Price Sensitive Information (as hereinafter defined) no sooner than credible and concrete information comes into being in order to make such information generally available.
- 1.3** The provision of this Disclosure Code shall to the extent relevant, be applicable to communications made through any medium, including social media platforms. Words and expressions used and not defined in this Code of Conduct but defined in Code of the Code of Conduct for Prevention of Insider Trading in the Securities to be passed and approved by Sadbhav Engineering Limited's Board on May 13, 2015, and as may be amended from time to time ("Code of Conduct") shall have the meanings respectively assigned to them in the Code of Conduct.

2. DEFINITION:

- 2.1** "**Board**" means the Board of Directors of the Company.
- 2.2** "**Company**" means Sadbhav Engineering Limited.
- 2.3** "**Chief Financial Officer**" C.F.O. of the Company.
- 2.4** "**Compliance Officer**" / "**Chief Investors Relations Officer**" for the purpose of these regulations means the Company Secretary of the Company. In absence of the Company Secretary of the Board of Directors may authorize such other officer of the Company to discharge the duties of Compliance Officer under the regulations.
- 2.5** "**Unpublished Price Sensitive Information**" ("**UPSI**") means any information, relating to a company or its securities, directly or indirectly, that is not generally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: –

- I. financial results;
- II. dividends;
- III. change in capital structure;
- IV. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions; and
- V. changes in key managerial personnel.
- VI. UPSI with respect to a material subsidiary of the Company shall mean any information, relating the particular material subsidiary, that is not generally available which upon becoming generally available, is likely to materially affect the price of the Company's securities and shall, ordinarily include but not restricted to, information relating to the particular material subsidiary on
 - A) Financial Results;
 - B) Expansion of business for not less than INR 100 crores.
 - C) Changes in Chief Executive Officer.

3. PRINCIPLES OF FAIR DISCLOSURE:

- i. The Company will make 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. The Company will make uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
- iii. The Company Secretary/Compliance Officer of the Company shall act as the Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- iv. The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- v. The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- vi. The Company will ensure that information, if shared, with analysts and research personnel is not unpublished price sensitive information.
- vii. The Company will develop and follow 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.
- viii. The Company will handle of all unpublished price sensitive information on a need-to-know basis.

4. POLICY FOR DETERMINATION OF "LEGITIMATE PURPOSES" FOR WHICH UPSI MAY BE COMMUNICATED OR PROCURED:

1. The term "**legitimate purpose**" shall generally include the following

- Sharing of UPSI in **the ordinary course of business** by an insider
 - within the Company and/or its subsidiaries,
 - with outsiders such as with collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, rating agencies, investment bankers, due diligence service providers.

For the purposes of carrying out assignment for or on behalf of and/ for the benefit of Company and for carrying on his role or function and provided that such sharing has not been carried out to evade or circumvent the prohibitions of `Regulations`.

a) With respect to sharing of UPSI by Employees of the Company and its subsidiaries within the Company and/or its subsidiary – “legitimate purpose” shall generally include

- i) Sharing of UPSI required for the performance of duties based on the role and function of the person in the Company and/or its subsidiaries, which shall be properly documented.
- ii) Sharing of UPSI pursuant to such other function as may be assigned to the person from time to time, which shall be properly documented.

Some of the illustrative purposes for sharing UPSI, [for i) & ii) above] can be-

- for preparing monthly/ quarterly / annual financial results
- for preparing presentations at quarterly review meetings
- for preparing Board and Committee meeting agenda.
- for preparing communications to Stock Exchanges

- iii) Sharing of UPSI for discharging any legal and regulatory compliance/ obligation, which shall be properly documented and necessary approvals be taken from any one of the Key Managerial Personnel (KMP) of the Company.

Some of the illustrative purposes for sharing UPSI, [for iii) above] can be-

- Sharing information pursuant to some order/ notification/ circular of any Government/ judicial/ semi judicial authorities.

UPSI must be handled with utmost care and the person shall deal and share the UPSI strictly on a need-to-know basis.

b) With respect to sharing of UPSI by Employees of the Company and/or its subsidiaries with Outsiders (i.e. other than employees of the Company and its subsidiaries - like Auditors, Bankers, Consultants, etc.) – “legitimate purpose” shall generally include

- i. Sharing of UPSI required for the performance of duties based on the role and function of the person in the Company and/or its subsidiaries, which shall be properly documented.
- ii. Sharing of UPSI pursuant to such other function as may be assigned to the person from time to time, which shall be properly documented.

Some of the illustrative purposes for sharing UPSI (for i. & ii. above) can be-

- Sharing of Quarterly/ Annual financial results (including that of a material subsidiary) with Statutory Auditors for audit or limited review.
 - Sharing of information with legal advisors or auditors for seeking expert opinion/ advise.
 - Sharing of business plans with Consultancy Firm to facilitate them to prepare long term vision/ annual budget.
 - Sharing of UPSI with Internal Auditors for internal audit purposes.
 - Sharing of financials/estimated profit with income tax department for the purpose of advance tax estimations.
 - Access of files containing UPSI and accounting software (SAP) to Information Technology consultants.
Sharing of UPSI with Consultants appointed for the due diligence for acquisition/merger proposals.
 - Sharing of UPSI with consultants in the ordinary course of business for any capital restructuring.
 - Sharing of information with JV partners/ merchant Bankers/ NBFC's etc. for JV transactions/ investment/ divestment, etc.
- iii. Sharing of UPSI for discharging any legal and regulatory compliance/ obligation, which shall be properly documented and necessary approvals be taken from any one of the Key Managerial Personnel (KMP) of the Company.

Some of the illustrative purposes for sharing UPSI (for iii. above) can be-
Sharing information pursuant to some order/ notification/ circular of any Government/ judicial/ semi judicial authorities.

Provided that such sharing of UPSI has not been carried out to evade or bypass the prohibitions of Regulations.

2. Any recipient of UPSI shall be considered `Insider`

Any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with these regulations.

3. Communication of UPSI for Legitimate Purposes

No insider shall communicate, provide, or allow access to any UPSI, relating to the company or its material subsidiaries, or its 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.

Provided further that the Insider who is sharing the UPSI shall ensure that the recipient of UPSI has been given due notice to maintain confidentiality of such UPSI in compliance with these regulations or has executed the confidentiality agreement in this regard.

Provided further that the Insider who is sharing the UPSI shall for the purpose of maintaining an audit trail, record the sharing of UPSI (including person with whom shared, type of UPSI shared, when and how shared) in such format and system provided by the Company.

4. Procurement of unpublished price sensitive information (UPSI) for Legitimate Purposes

No person shall procure from or cause the communication by any insider of UPSI, relating to the company or its material subsidiaries, or its securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

5. In case of any violation of the Policy or SEBI Regulations, the Company shall take appropriate action. In case the violation relates to leak or suspected leak of UPSI, the Company shall take appropriate action as per the Company's Policy and Procedure for Enquiry in case of Leakage of UPSI. The same shall also be updated to SEBI Board along with the enquiry conducted and result thereof. Action will also be taken against the Insider found to be guilty as per the directions of SEBI.

For more details regarding communication, procurement or sharing of any UPSI or related matters, one may refer to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

5. DIGITAL DATABASE OF RECIPIENT OF UPSI:

The Compliance Officer shall be responsible to maintain a structured digital database of such persons or entities as the case may be with whom the information is shared, which shall contain the following information:

- i. Name of such recipient of UPSI
- ii. Name of the Organization or entity to whom the recipient represent
- iii. Postal Address and Email ID of such recipient
- iv. Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

The Compliance Officer shall also be responsible to ensure that such database shall be maintained with adequate internal control and check such as time stamping and audit trials to ensure non-tampering of such database.

6. ISSUE OF NOTICE TO THE RECIPIENT OF UPSI:

Any person in recipient of UPSI to a "Ligitimate Purpose" shall be considered an "Insider" for purposes of this Code and due notice shall be given to such persons:

- (i) To make such person aware that the information shared is or would be UPSI.
- (ii) To make such person aware of the duties and responsibilities attached to the receipt of such UPSI and liability attached to misuse or unwarranted use of such UPSI.

- (iii) To instruct such person to maintain confidentiality of such UPSI in compliance with these regulations.

7. HANDLING OF ALL UNPUBLISHED PRICE SENSITIVE INFORMATION ON A NEED TO KNOW BASIS:

Unpublished Price Sensitive Information (UPSI) is to be handled on a “need to know” basis, i.e. 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. No unpublished Price Sensitive Information (UPSI) shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. All Unpublished Price Sensitive Information (UPSI) directly received by an employee should immediately be reported to the Compliance Officer, who in consultation with CFO (or in his absence Chairman & Managing Director) shall decide whether a disclosure is necessary to Stock Exchanges and on Company’s website.

8. PERSON RESPONSIBLE TO DEAL WITH DISSEMINATION OF INFORMATION & DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI):

8.1 The Company has designated the Company Secretary as Compliance Officer to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information (UPSI) to Stock Exchanges.

8.2

8.2.1 The Compliance Officer shall be responsible for ensuring that the Company complies with disclosure requirements (as provided in the Code for Prevention of Insider Trading) overseeing and coordinating disclosure of Unpublished Price Sensitive Information (UPSI) to stock exchanges and educating staff on disclosure policies and procedures.

8.2.2 Chief Financial Officer / Compliance Officer - shall be responsible for ensuring that the Company complies with disclosure of Unpublished Price Sensitive Information (UPSI) to Stock Exchange, through Compliance Officer, before disclosure to analysts, investors, select shareholders, etc.

8.2.3 Chief Financial Officer / Compliance Officer - shall be responsible for ensuring that the Company complies with disclosure of Unpublished Price Sensitive Information (UPSI) to Stock Exchange through Compliance Officer before disclosure to media, etc.

9. MEDIUM OF DISCLOSURE / DISSEMINATION:

All material disclosures made by Sadbhav Engineering Limited to stock exchanges shall be updated and maintained on its website.

- See more at: <http://www.sadbhaveng.com>

10. AMENDMENTS TO THE POLICY:

The Board of Directors can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case where any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with / are in addition to / are in derogation of the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions of this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
