

CENTUM ELECTRONICS LIMITED

CODE OF CONDUCT POLICY TO REGULATE, MONITOR AND REPORTING TRADING BY INSIDERS [Under Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

I. PREAMBLE

The Securities and Exchange Board of India (SEBI) in its endeavour to protect the interests of stakeholders in general, has formulated the new regulations SEBI (Prohibition of Insider Trading) Regulations, 2015 ('Regulations') with aim to regulate and monitor the trading activities by the Designated Persons.

Pursuant to the provisions of Regulation 9, the Board of Directors ('Board') of Centum Electronics Limited ('Centum' or 'Company') hereby notifies THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING ('the Code').

The purpose of this Code is to elucidate and inform to all Designated Persons that they have a responsibility and duty to preserve UNPUBLISHED PRICE SENSITIVE INFORMATION, possessed by them and no Designated Person shall use such unpublished price sensitive information for personal gain or provide any gain to the third party related to him

II. OBJECTIVE

The Code lays down in a concise manner the ethical values to be followed by the persons to whom the code is applicable and to promote ethical behaviour on a day-to-day basis and create the trust, honesty, integrity, transparency, accountability by prohibiting the use of unpublished price sensitive information.

III. DEFINITIONS

In this Code unless the context otherwise requires:

1. 'Act' means the Securities and Exchange Board of India Act, 1992, as may be amended from time to time.
2. 'Company' means Centum Electronics Limited.

3. 'Compliance Officer' means the Company Secretary of the Company.
4. "Connected person" 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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, -
 - 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 where in 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;
5. "Designated Person" means,-
 - i. Promoters of the Company.
 - ii. Board of Directors of the Company.

- iii. Employees up to the category of General managers.
 - iv. Company Secretary and the heads of finance function.
 - v. any other employee designated by the Compliance Officer, either for a specific period of time or for an indefinite period of time, based on such person's role, function, designation and seniority in and the extent to which such person may have access to Unpublished Price Sensitive Information.
6. "Generally available information" means information that is accessible to the public on a non-discriminatory basis;
 7. "Immediate relative "or "Dependent" 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;
 8. "Insider" means any person who is: i) a connected person; or ii) in possession of or having access to unpublished price sensitive information;
 9. "Promoter" shall have the same meaning as assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modifications thereof;
 10. "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
 11. "Trading day "means a day on which the recognized stock exchanges are open for trading;
 12. "Trading Window "means the period during which trading may be carried out in Company's securities by Designated Persons;
 13. "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;
 14. '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's, disposals and expansion of
 - v. business and such other transactions
 - vi. changes in key managerial personnel
 - vii. material events in accordance with the listing agreement
 - viii. Any such other information which may affect the price of securities

15. Interpretation: In this document, unless contrary intention appears:

The singular includes the plural and vice versa;

Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.

IV. ROLE OF COMPLIANCE OFFICER

The Compliance Officer shall report on Insider trading to the Board of Directors of the Company and in particular, shall provide reports on quarterly basis 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 on the matters relating to the Insider trading.

The Compliance Officer shall maintain a record of all the Designated Persons and also changes to the list from time to time. The Compliance Officer shall maintain records of all declarations and disclosures received by him under the Code for a minimum period of 5 (five) years.

The Compliance Officer shall be responsible for disclosing to the stock exchange, the disclosures as required under the Regulations.

The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, pre-clearing of Designated Persons' and their Dependents' trades, monitoring of trades and the implementation of the Code under the overall supervision of the Board.

The compliance officer shall confidentially maintain a list of such securities as a restricted list (Restricted List) which shall be used as the basis for approving or rejecting applications for preclearance of trades

The Compliance Officer shall be responsible for the approval of Trading Plans (as defined in Clause 6 below). The Compliance Officer shall also be responsible for notifying the Trading Plans to the stock exchanges on which Securities are listed

The Compliance Officer shall maintain a record of trading window from time to time.

The Compliance Officer shall assist all the Connected Persons in addressing any clarifications regarding the Regulations and the code.

V. MINIMUM STANDARDS FOR THE CODE

a. Preservation of UPSI

No Designated Person shall communicate, provide, or allow access to any UPSI to any person except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

b. Need to Know

UPSI shall be handled on a "Need to Know" basis, i.e. UPSI should be disclosed only to those who need the information to discharge their duty.

c. Limited access to UPSI

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc. and physical files shall be kept in proper locks etc. Files containing confidential information, if not needed, should be deleted / destroyed after being used as per the document policy of the Company, if any.

d. Chinese Wall

Additionally, while dealing with or handling unpublished price sensitive information within the company, the company shall establish policies, procedures and physical arrangements (collectively "Chinese Walls") designed to manage confidential information and prevent the advertent spread and misuse of unpublished price sensitive information, or appearance thereof.

The establishment of Chinese wall does not suggest or imply that unpublished price sensitive information can circulate freely within Insider areas.

e. Trade in securities when in possession of UPSI

No employee or connected persons shall-

- i. either on his own behalf or on behalf of any other person, trade when in possession of any unpublished price sensitive information.
- ii. advise any person to trade in securities while being in possession, control or knowledge of unpublished sensitive information. For avoidance of any doubt

it is clarified that “advice” shall mean to include recommendations, communications or counselling.

Provided that the Insider may prove his innocence by giving valid reasons of the circumstances as mentioned below:

- the transaction is an off market transaction inter-se between the Promoters who were in possession of UPSI without breach of promises of Regulation 3 of Regulations, if such transaction is made for legitimate purpose and both parties had made a conscious and informed trade decision.

In case of non –individual Insiders (Company, firm etc):

- i. the individuals who were in possession of such UPSI were different from the individuals taking trading decisions and such decision –making individuals were not in possession of such UPSI when they took the decision of trade; and
- ii. appropriate and adequate arrangements were in place that these Regulations are not violated and no UPSI was communicated by the individuals possessing the information to the individuals taking trading decisions.

Trading is done pursuant to a TP submitted to the Company

- In cases of trades by Connected Person, the onus of establishing that they were not in possession of UPSI shall be on such Connected Person.

VI. TRADING PLAN

a. Importance of Trading Plan

All Designated Persons before possessing an UPSI may formulate a Trading Plan (‘TP’) and the same is required to be approved by the Compliance Officer subject to compliance of the Code and Regulations

By virtue of TP, a designated Person can plan for trades to be executed by him/her in future. No pre-clearance would be required for dealing in the securities of the Company once the TP gets approved.

By doing so, the possession of UPSI when a trade under a TP is actually executed would not prohibit the execution of such trades as that was pre-decided even before the UPSI came into being.

b. Requisites of Trading Plan

- i. A trading shall be executed on expiry of six months from the date of public disclosure of the TP.
- ii. 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 trading days after the disclosure of such financial results.
- iii. Designated Person shall give one TP at a time and the same shall not be less than 12 months i.e. there cannot be any overlapping of TP's
- iv. TP shall set out either the value of trades or the number of securities to be traded, along with specific dates and time intervals.
- v. Trading on the basis of TP shall not lead to market abuse. If any manipulative activity is detected, it would open to initiate proceedings breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

c. Approval of Trading Plan

- i. The Compliance Officer shall review the TP 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.
- ii. On the basis of such assessment, the Compliance Officer shall within 5 days of the receipt of TP, approve or dis-approve any trading plan so submitted. In case of dis-approval, the Compliance Officer shall record the reasons for the same.
- iii. The Compliance Officer shall notify the particulars of the approved TP to the stock exchange(s) where its securities are listed.

e. Execution of Trading Plan

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

VII. TRADING WINDOW

The Company shall specify a trading period for trading in the Securities ("**Trading Window**").

- i. Unless otherwise specified by the Compliance Officer, the Trading Window shall be closed at least 15 (fifteen) trading days prior to and 2 (two) trading days after the Board meeting dates for the year and declaration of Financial results (quarterly, half-yearly and annual) for all the Connected Persons.
- ii. Further, the trading window shall be closed 2 (two) Trading days prior to and 2 (two) Trading days after any intended announcements regarding amalgamation, mergers, takeovers and buy- back, disposal of whole or substantially whole of the undertaking, issue of Securities by way of public/ rights/bonus etc., any major expansion plans or execution of new projects, any changes in policies, plans or operations of the Company that could have a material impact on its financial performance, and
- iii. The Trading Window shall remain closed during the time the Unpublished Price Sensitive Information remains un-published. The Trading Window shall be opened after 2 (Two) trading days after the Unpublished Price Sensitive Information is made public.
- iv. All Designated Persons (and their Dependants) shall conduct all their dealings in the Securities only when the Trading Window is open and no Designated Person shall deal in the Securities during the period when the Trading Window is closed or during any other period as may be specified by the Compliance Officer from time to time.
- v. Despite the Trading Window being open, Designated Persons (and their Dependants) would only be allowed to Trade subject to the conditions specified in Clause 8 below and provided that they are not in possession of any Unpublished Price Sensitive Information at the time they carry out the transaction.
- vi. In case of Employee Stock Option Plans (ESOPs), exercise of options may be allowed during the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.

VIII. PRE –CLEARANCE OF TRADES

- i. All Designated persons who (or whose Dependent) intends to Trade in the Securities in a calendar quarter (either in one transaction or in a series of transactions) of a consideration price exceeding Rs. 10,00,000 (Rupees Ten Lakhs) for the Securities should obtain a prior approval for the transactions as per the procedure described hereunder. This is a mandatory requirement even when the trading window is open. An employee (who is not a Designated Person) needs to apply for pre-clearance only if he/she or his Dependent intends to Trade beyond the threshold limits mentioned above.
- ii. All Designated Persons who (or whose Dependent) intends to Trade in the Securities should obtain a prior approval for the transactions as mentioned at (iv) hereunder. This is a mandatory requirement even when the trading window is open.
- iii. Any employee who carries on any transaction or series of transaction to circumvent this clause shall be in violation of this Code.
- iv. The employee or Designated Person (as the case may be) should make an application, in the prescribed form to the Compliance Officer (**ANNEXURE 1**). Such application should be complete and correct in all respects and should be accompanied by such undertakings, declarations, indemnity bonds and other documents/papers as may be prescribed by the Compliance Officer from time to time, in the prescribed form (**ANNEXURE 1A**)
- v. The Compliance Officer shall consider the application made as above and shall approve it unless he/she is of the opinion that the grant of such approval would result in a breach of the provisions of the Code, or the Regulations or the Act or any other law in force at that time.
- vi. The Compliance Officer shall be entitled to seek declarations to the effect that the employee or Designated Person (as the case may be) applying for pre-clearance is not in possession of any unpublished price sensitive information. The Compliance Officer shall also have the discretion to assess and decide as to whether such declarations are factually accurate.
- vii. Every approval letter shall be in such format as may be prescribed by the Company from time to time (**ANNEXURE 2**).
- viii. Every approval shall be dated and shall be valid for a period of 7 (seven) trading days or such lesser period as prescribed in the approval.
- ix. All transactions involving the Compliance Officer shall be approved by the CFO.
- x. If a transaction is not executed within the approval period as at (viii), the employee or Designated Person (as the case may be) must apply to the Compliance Officer for pre clearance of the transaction, if they intend to transact again.

IX. DISCLOSURES

a. Initial Disclosures

Every Promoter, key managerial personnel and director shall disclose his holding in the securities of the Company within 30 days of the implementation of these Regulations to the Compliance Officer in the Form A of the Regulations annexed to this code as Annexure 3.

Every person appointed as key managerial personnel or a director of the Company or upon becoming a Promoter shall within 7 days of such appointment or becoming a promoter, shall provide disclosure of his securities to the Company in the Form B of the Regulations annexed to this code as Annexure 4.

b. Continual Disclosures

- i. Every Promoter, employee and director of the company shall disclose to the Company, the number of securities acquired or disposed of within 2 trading days of such transaction if the value of securities traded, whether in one transaction or in series of transaction over any calendar quarter or after the prior disclosure made to the Company crosses the threshold limit as per Regulations i.e. aggregating to a traded value in excess of INR 10,00,000 in the Form C of the Regulations annexed to this Code as Annexure 5.
- ii. Every Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.
- iii. Connected Person shall ensure that their employees/associates are not in possession of UPSI enter into any securities trading pertaining to the Company. Also, the Company may obtain the disclosure from the said Connected Person in the format as provided in Annexure 6 to the said Regulations. Further, if Connected Person enters into any trading, he shall disclose the same in Form D of the Regulations, annexed to this Code as Annexure 7.

X. PENALTY FOR CONTRAVENTION

- i. Any contravention of these Regulations shall be dealt with by SEBI in accordance with the SEBI Act, and rules made thereunder.
- ii. Any violation of the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension for future participation in employee stock option plan etc. 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.

XI. OTHER RESTRICTIONS

- i. A Designated Person who is permitted to trade shall not execute a contra trade within 6 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.

XII.REPORTING TO THE AUDIT COMMITTEE

The Compliance Officer shall report to the Chairman of the Audit committee/Chairman of the Board at such frequency as may be stipulated about the disclosures, pre-clearances or TP's received, if any, and action taken on the same. Further, the Audit Committee may update the Board and may seek advice on the matters, deems fit.

Annexures



Annexures.doc
