

Code of Internal Procedure Conduct for Prevention of Insider Trading

1. Preliminary:

The Code of Conduct for prevention of Insider Trading (“the Code”) is made to regulate, monitor and report the trading by the Insider. The Code has been made pursuant to Regulation 9 of the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. This Code has been reviewed, approved, amended and renamed by the Board of Directors of the Prospect Commodities Limited (“the Company”) by inserting the new principles as set out in the amended Regulations, 2018 and shall come into effect from April 1, 2019.

2. Definitions: For the purpose of this Code –

(a) **“Act”** means the Securities and Exchange Board of India Act, 1992 and any amendments thereto.

(b) **“Board”** means the Securities and Exchange Board of India

(c) **“Board of Directors”** means the Board of Directors of Prospect Commodities Limited.

(d) **“Code” or “Code of Conduct”** shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of Prospect Commodities Limited as amended from time to time.

(e) **“Company”** means Prospect Commodities Limited

(f) **“Companies Act”** means the Companies Act, 2013 & Rules made there under and any amendments thereto.

(g) **“Compliance Officer”** means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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;

Explanation – the term, “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e., balance sheet, profit and loss account, and statement of cash flows.

(h) **“Connected Person”** means:

i. any person who is or has during six months prior to the concerned act been associated with the 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 any employees of the Company or holds any position including 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 forgoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,

- an immediate relative of connected persons specified in clause (i) or
- holding company or associate company or subsidiary company; or
- an intermediary as specified in Section 12 of the Act or an employee or directors thereof; or
- an investment company, trustee company, assets management company or an employee or director thereof; or
- an official of a stock exchange or of clearing house or corporation; or
- a member of board of trustees of a mutual fund or a member of the board of directors of the assets management company of a mutual fund or is an employee thereof; or
- 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
- an official or an employee of a self- regulatory organization recognized 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 the Company or his immediate relative or banker of the Company, has more than ten percent, of the holding or interest;

i) “Designated Employees” means - All employees who are Deputy General Managers and above and such other employee who may be so designated from time to time by the Chairman & Managing Director for the purpose of this Code.

j) “Designated Person” means Directors, Key Managerial Personnel and designated employees of the Company.

(k) “Generally available information” means information that is accessible to the public on a nondiscriminatory basis.

l) “Insider” means any person who is a connected person; or in possession of or having access to unpublished price sensitive information.

m) “Immediate relative” means a spouse of a person, and include parents, 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 of the Company.

n) “Promoter” shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

o) “Relatives” means a person, as defined in Section 2(77) of the Companies Act, 2013 and any amendments thereto.

p) “Regulations” means the SEBI (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto

q) “Stock Exchange” means a BSE SME Limited.

r) “Securities” shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

s) “Specified” means specified by SEBI in writing.

t) “Takeover Regulations” means SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.

u) “Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.

v) “Trading Day” means a day on which recognized Stock Exchanges are open for trading.

w) “Trading Window” means a trading period for trading in Company’s Securities as specified by the Company from time to time

x) “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 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;

(v) Changes in Key Managerial Personnel; and

(vi) Material events in accordance with the listing agreement with the Stock Exchange

y) All other words and phrases not defined in this Code will have the meaning as defined in the SEBI Act, 1992, Securities Contracts (Regulations) Act, 1956, The Depositories Act, 1996 or The Companies Act, 2013 and Rules and Regulations made there under and any amendment thereto.

3. Applicability of the Code: This Code will be applicable to the insider as defined in the Clause 3(1) of this Code of Conduct.

RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

4. **Communication or procurement of unpublished price sensitive information:**

(a) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the 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.

(b) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(c) Notwithstanding anything contained in this regulation, unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction pursuant to Regulation 3 of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

5. **Trading when in possession of unpublished price sensitive information:**

No insider shall trade in the equity shares of the Company when in possession of unpublished price sensitive information except as allowed under the Regulation 4(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

6. **Trading Plans:**

(1) An insider shall be entitled to formulate a trading plan pursuant to Regulation 5(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 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. No insider shall apply to the Compliance Officer for pre-clearance of Trading Plans during the closure of the Trading Window. No Insider shall execute contra-trade during the period of the Trading Plan which has been approved by the Compliance Officer of the Company.

(2) The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of these 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.

(3) The Trading Plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan pursuant to Regulation 5(4) of SEBI (Prohibition of Insider Trading) Regulations, 2015 without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

(4) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

DISCLOSURES OF TRADING BY INSIDERS

7. **General Provisions:**

(1) Every public disclosure under this part shall be made in such form as may be specified.

(2) The disclosures to be made by any person under this Part shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

(3) The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Part:

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

(4) The disclosures made under this Part shall be maintained by the company, for a minimum period of five years, in such form as may be specified.

8. Disclosures by certain persons:

(1) Initial Disclosures:

(a) Every promoter, key managerial personnel and director of the Company shall disclose his holding of securities of the Company as on the date of this Code taking effect, to the Company within thirty days of this Code taking effect in Form No. "A"

(b) Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter shall disclose his equity shareholding in the Company as on the date of the appointment or becoming a Promoter, to the Compliance Officer within seven days of such appointment or becoming a Promoter in Form No. "B".

(2) Continual Disclosures:

(a) Every Promoter, Employee and Director of the Company shall disclose to the Compliance Officer in Form No. "C" the number of equity shares acquired or disposed of within two trading days of such transaction, if the value of the equity shares traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. Ten Lacs or such other value as may be specified;

(b) The Company shall notify the particulars of such Trading to stock exchange within two trading days of receipt of the disclosure or from becoming aware of such information.

(3) Disclosures by other connected persons:

The other connected persons to whom this Code is applicable is holding equity shares of the Company, shall disclose their shareholding within 30 days from the date of this Code taking effect in Form No. "D" and Trading made by them within 7 days in Form No "E" if the value of the equity shares traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. Ten Lacs or such other value as may be specified.

9. Compliance of the Trading Restrictions: Every Promoter, Key Managerial Personnel, Director and Designated Employee of the Company shall be subject to Trading restrictions in the following manner: -

(a) The Trading window: The Trading Window will be closed before 7 days of the happening of the following events and shall remain closed 48 hours after the publication of the price sensitivity information i.e.

(i) Declaration of Financial Results (Quarterly, Half Yearly & Annual)

(ii) Declaration of Dividends (Interim & Final)

(iii) Issue of securities by way of Public/ Rights /Bonus etc.

(iv) Any major expansion plan or execution of new project

(v) Amalgamation, Mergers, takeovers or any buy back.

(vi) Disposal of the whole or substantially the whole of the undertaking.

(vii) Any major change in policies, plans or operation of the Company.

(b) Restriction on Trading during the Closure of Trading Window:

Every promoter, key managerial personnel, director and designated employee of the company shall not deal in the equity shares of the Company during the Closure of the Trading Window.

(c) Pre-clearance of Trading Plans:

i. Every Promoter, Key Managerial Personnel, Director and Designated Employee of the Company and the Persons deemed to be connected persons as per this Code intending to buy/sell equity shares of the Company will have to submit the trading plan(s) in the Form No. "F" at least six months prior to the start of the trading to the Compliance Officer of the Company for the prior approval.

- ii. Only after receiving the prior approval, the transaction should be carried out strictly as per the Trading plan(s) approved by the Compliance Officer of the Company.
- iii. The Compliance Officer will disclose the Trading plan(s) approved by him to the BSE immediately.
- iv. The Trading plan(s) once approved by the Compliance Officer of the Company shall be irrevocable and the concern person shall have to mandatorily carry out the Trades within the time limit as approved by the Compliance Officer of the Company. No Trade(s) shall be executed during the closure of the Trading window.

10. Violation of the Code:

- (a) Every Promoter, Key Managerial Personnel, Director and Designated Employee of the Company and the persons deemed to be connected persons as per this Code who violates any of the provisions of this Code will be penalized and appropriate action will be taken against them by the Company after giving reasonable opportunity to them to show cause. They shall also be subject to disciplinary action including wage freeze, Suspension, in-eligibility for future participation in E.S.O.P. etc.
- (b) If the Insider deals in the equity shares of the Company, violating the Code, the Compliance Officer will confidentially maintain the list of the same.
- (c) In addition to the action which may be taken by the Company, the persons violating this Code will also be subject to any penal action by SEBI as per SEBI Act and the Company shall inform the same to the SEBI promptly.

- 11.** The Compliance Officer of the Company shall report to the Board of Directors and the Chairman of the Audit Committee of the Company about the compliance of the Code on quarterly basis.

12. Code of Practice & Procedure for Fair Disclosure:

Pursuant to Regulation 8 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 read with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and Schedule A of the Regulations, Prospect Commodities Limited is required to formulate a code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Fair Disclosure Code").

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

- 1. 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.
- 2. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
- 3. The Compliance Officer of the Company shall act as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- 4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- 5. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
- 6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
- 7. 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.

8. Handling of all unpublished price sensitive information on a need-to-know basis. Unpublished Price Sensitive Information (UPSI) may be disclosed to person who needs such information for furtherance of legitimate purpose for performance of duties of legal obligation of the Company.

9. For sharing of information for legitimate purpose Company is formed following policy:

- UPSI is in the nature of information relating to the Company, directly or indirectly, of precise nature that can have an impact on the prices of the securities of the Company if made public.
- Till the UPSI becomes a generally available information, UPSI can be shared only on a need-to-know basis and for legitimate purpose as provided hereunder and not to evade or circumvent the prohibitions of the Regulations
 - Sharing of relevant UPSI with consultants, advisors engaged by the Company in relation to the subject matter of the proposed deal/ assignment in relation to UPSI;
 - Sharing of relevant UPSI with intermediaries/ fiduciaries viz. merchant bankers, legal advisors, auditors in order to avail professional services from them in relation to the subject matter of the UPSI;
 - Sharing of relevant UPSI with persons for legitimate business purposes (e.g., attorneys, investment bankers or accountants);
 - Sharing of relevant UPSI with persons who have expressly agreed in writing to keep the information confidential, such as potential customers, other developers, joint venture partners and vendors, and not to transact in the company's securities on the basis of such information
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- The Compliance Officer who is acting as a chief investor relations officer shall maintain following records with respect to UPSI shares for legitimate purpose:
 - i. What is the purpose behind sharing UPSI?
 - ii. Who had shared UPSI and he was authorized for the same?
 - iii. Whether non-disclosure agreement/ disclosures were signed while sharing UPSI?
 - iv. Whether the person who had shared UPSI had informed to Compliance Officer regarding sharing of UPSI?