

# **BIHAR SPONGE IRON LIMITED**

## **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

The Code has been formulated pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and has been approved by the Board of Directors of Bihar Sponge Iron Limited ("Company") in its meeting held on 26<sup>th</sup> May, 2023.

The purpose of the Code is to maintain an ethical and transparent process while dealing in the Securities of the Company by the persons specified above.

### **1. DEFINITIONS:**

- (a) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended or modified from time to time.
- (b) **“Compliance Officer”** means any senior officer, designated so and reporting to the Board of Directors of the Company, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified in the Regulations under the overall supervision of the Board of Directors of the Company.
- (c) **“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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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 recognised 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 wherein 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;
- (d) **“immediate relative”** 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;
- (e) **“Insider”**: Insider means any person who is;
- i. A connected person
  - ii. In possession of or having access to unpublished price sensitive information;
- (f) **“Promoter”**: Promoter shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- (g) **“Promoter Group”**: Promoter Group shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- (h) **“Unpublished Price Sensitive Information”**: Any information, relating to the company or its securities, directly or indirectly, that is not generally available, which upon become 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;
- (v) changes in key managerial personnel.

(i) **“Designated Persons”** shall include –

- i. Employees of company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by the board of directors;
- ii. All promoters of company and promoters who are individuals or investment companies for intermediaries or fiduciaries;;
- iii. Chief Executive Officer and employees upto two levels below Chief Executive Officer of company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;
- iv. Any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information;
- v. Such other persons as the Compliance Officer may notify from time to time basis seniority and professional designation or basis role and criticality of function that may entail such person to have availability of UPSI.

(j) **“Legitimate Purpose”** shall include sharing of Unpublished Price Sensitive Information (UPSI) in the ordinary course of business by an Insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations.

Any person in receipt of Unpublished Price Sensitive Information 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 unpublished price sensitive information in compliance with the Code of Conduct to Regulate, Monitor and Report Trading by Insiders and the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(k) **“Generally available information”** means information that is accessible to the public on a non-discriminatory basis.

## 2. **APPLICABILITY**

This “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of Bihar Sponge Iron Limited” shall apply to all “insiders”, as above including Designated Persons.

### **3. COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

- a) No insider will communicate or allow access to UPSI related to a Company or securities listed or proposed to be listed, to any person or other insiders except when such communication is legitimate for the purpose of their duty, performance or legal obligations.
- b) No person can procure from or cause the communication by an insider of UPSI except in furtherance of legitimate purpose, performance of duty or discharge of legal obligations.
- c) The board of directors of company shall make a policy for determination of “legitimate purposes” as a part of “Codes of Fair Disclosure and Conduct”
- d) Any person in receipt of unpublished price sensitive information 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 unpublished price sensitive information in compliance with these regulations.
- e) Notwithstanding anything contained in this Code, any Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-
  - (i) entail an obligation to make an open offer under the Takeover Regulations where the Board of Directors of Company is of the informed opinion that sharing of such information is in the best interests of the Company;
  - (ii) not attract the obligation to make an open offer under the Takeover Regulations but where the Board of Directors of Company is of the informed opinion that sharing of such information is in the best interests of the Company and the information that constitutes Unpublished Price Sensitive Information is disseminated to be made Generally Available Information at least 2 (two) Trading Days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts;
- f) For purposes of sub-clause (e) above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-clause (e), and shall not otherwise Trade in Securities of the Company when in possession of Unpublished Price Sensitive Information.
- g) The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names

of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

- h) The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

#### **4. RESTRICTION ON TRADING WHILE IN POSSESSION OF UPSI**

Save as provided in this Code and the SEBI Regulations, no Insider shall Trade in Securities of the Company when in possession of Unpublished Price Sensitive Information.

*When a person who has traded in Securities has been in possession of Unpublished Price Sensitive Information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

Provided that the Insider may trade in the following circumstances: –

- (i) the transaction is an off-market inter-se transfer between Insiders who were in possession of the same Unpublished Price Sensitive Information without being in breach of Clause 3 above and both parties had made a conscious and informed trade decision;

Provided that such Unpublished Price Sensitive Information was not obtained under Clause 3 of this Code. Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information;

- (ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the Unpublished Price Sensitive Information without being in breach of Clause 3 above and both parties had made a conscious and informed trade decision;

Provided that such Unpublished Price Sensitive Information was not obtained under Clause 3 of this Code.

- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- (v) In case of non-individual insiders:
  - (a) the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such Unpublished Price Sensitive Information when they took the decision to trade; and
  - (b) appropriate and adequate arrangements were in place to ensure that the Regulations are not violated and no Unpublished Price Sensitive Information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- (vi) The trades were pursuant to a Trading Plan set up in accordance with Clause 5.

When a person who has traded in Securities has been in possession of Unpublished Price Sensitive Information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of Unpublished Price Sensitive Information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the Insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.

In the case of Connected Person the onus of establishing, that they were not in possession of Unpublished Price Sensitive Information, shall be on such Connected Persons and in other cases, the onus would be on the Board of Directors.

## **5. TRADING PLAN:**

An insider shall be entitled to formulate a trading plan and place it before the Compliance Officer for approval and public disclosure so that trades can be carried out on his behalf.

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 Bihar Sponge Iron Limited 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 the intervals at, or dates on which such trades shall be effected; and
- vi. not entail trading in securities for market abuse.

The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violation of the Regulations and is also entitled to seek express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

The pre-clearance of trades shall not be required for a trade executed as per an approved Trading Plan. Also Trading Window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved Trading Plan.

Once satisfied, the Compliance Officer shall approve the plan and notify the same to the Stock Exchange(s) on which the Securities of the Company are listed. The Compliance Officer shall review the trading plan and assess to check any potential violations of these regulations and may even ask for undertaking as may be required for implementation of plan.

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.

## **6. TRADING WINDOW**

The Company shall specify a trading period, to be called "Trading Window", for Trading in the Company's Securities. When the Trading Window is closed, none of the Designated Person(s) and Insider (including their Immediate Relatives) shall trade in the Company's Securities. The Trading Window shall be closed from the end of every quarter. The closure of Trading Window shall not restrict employees from exercising ESOPs.

The trading window shall be, inter alia, closed at the time of:-

- a. Declaration of financial results (quarterly, half-yearly and annual)
- b. Declaration of dividends (interim and final)
- c. change in capital structure;
- d. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- e. Change in Key Managerial Personnel
- f. Such other information that the Company may decide from time to time

In addition to the items specified above, the Trading Window shall also be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such Securities to which such Unpublished Price Sensitive Information relates. The notice of closure of the Trading Window intimated to the stock exchanges, if any, wherever the Securities of the Company are listed.

In case of declaration of financial results, the Trading Window can be closed during the period beginning from the last day of any financial period for which results are required to be announced and ending 48 hours after the public release of such results. In all other circumstances, the time for commencement of closing of Trading Window shall be as determined by the Compliance Officer in consultation with the Board of Directors.

The re-opening of the trading window shall be determined by the Compliance Officer and the trading window shall be opened 48 hours after the information referred to in paragraph (A) is made public.

## **7. INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING**

### **Formulation of mechanism for prevention of Insider Trading**

The Chairman/Chief Executive Officer/Managing Director/Whole Time Director or such other analogous person of the Company shall put in place adequate and effective system of internal controls through this Code, to ensure compliance to prevent Insider Trading. For the purpose, Chairman/CEO/MD/WTD or Compliance Officer may hire external agencies for monitoring Trading in Securities by Designated Persons etc. of the Company.



## **Internal Controls**

The internal controls shall include the following:

- a) all employees who have access to unpublished price sensitive information are identified as designated person;;
- b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons; and
- e) all other relevant requirements specified under these regulations shall be complied with;
- f) periodic process review to evaluate effectiveness of such internal controls.

## **8. DISCLOSURES**

### **Initial Disclosure**

- (a) Every person on appointment as a Key Managerial Personnel or a Director of the Company or becoming a Promoter or member of Promoter Group, shall disclose the details of his/her holding of Securities (including that of their Immediate Relatives) of the Company as on the date of appointment or becoming Promoter, to the Company / Compliance Officer within seven (7) days of such appointment or becoming a Promoter.

### **Continual disclosure**

- (a) Every Promoter, member of Promoter Group, Designated Person, and Director of the Company shall disclose, to the Company the number of such Securities (including that of their Immediate Relatives) acquired or disposed of, within two (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 Rs. 10,00,000/- (Rupees Ten Lacs);
- (b) The Company shall notify the particulars of such Trading to the stock exchange on which the Securities are listed within two (2) Trading Days of receipt of the disclosure or from becoming aware of such information.

### **Disclosures by the other connected persons**

All Connected Persons who for the time being, presumed to have possession of Unpublished Price Sensitive Information shall disclose to the Company the number of Securities held by them or their Immediate Relatives, as and when required by the Compliance Officer or as stipulated in any agreement or engagement document. Such Connected Persons and their employees and associates are prohibited to trade in the Securities of the Company till the UPSI is generally available.

The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Directors/ Designated Employees for a minimum period of five years.

The Compliance officer shall report to the Board of Directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at every Board meeting, all the details of the dealing in the securities by Directors/ Designated Employees of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in the code.

### **9. PRE CLEARANCE OF TRADES**

The pre-clearance shall not be necessary, if the value of the Securities Traded, whether in one transaction or a series of transactions over a calendar quarter, aggregates to a traded value not in excess of Rs. 10,00,000/- (Ten Lakhs).

During a valid Trading Window, Trading by Designated Persons shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed Trade is above the threshold limit. No Designated Person of the Company shall apply for pre-clearance of any proposed trade if such Designated Persons is in possession of any UPSI even if the Trading Window is not closed.

Designated Persons intending to deal in the Securities of the Company upto the threshold limit specified above may do so without any pre-clearance from the Compliance Officer. In all other cases, they should pre-clear the transactions as per the pre-dealing procedure as provided hereinafter.

An application for pre-clearance of Trade shall be made to the Compliance Officer in the such format as prescribed in this regard, indicating the estimated number of Securities that the Designated Person making such application intends to deal in, the details as to the depository with which he /she has a security account and such other details as may be required by the Compliance Officer in this regard.

An undertaking shall be executed in favour of the Company by such Director/Designated Employee incorporating, inter alia, the following clauses may be applicable:

- a. That Designated Persons/Directors does not have any access or possession of any "price Sensitive Information" up to the time of signing the undertaking.

- b. That in case the Designated Employee / Director has access to or possess "Price sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- c. That he /she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- d. That he /she has made a full and true disclosure in the matter

## **10. OTHER RESTRICTIONS**

All Designated Persons who are permitted to Trade shall not enter into a contra trade during the next 6 months following the prior Trade.

In case the contra trade is necessitated by emergency, the Compliance Officer may waive the holding period after recording in writing reasons in this regard provided such waiver does not amount to violation of the SEBI Regulations or this Code. This shall not be applicable for trades pursuant to stock option plan.

In case a contra Trade is 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.

All Directors and Designated Employees shall execute their trade within seven trading days, where the trades which have been pre-cleared have to be executed by the designated persons. If the trade is not executed within such seven trading days, fresh pre-clearance will be necessary.

## **11. CONFIDENTIALITY OF INFORMATION AND PROCEDURES TO BE ADOPTED**

All factories/ Depots/ Departments etc. of Bihar Sponge Iron Limited dealing in confidential information shall adopt and put in place suitable measures (which may include providing restricted access controls, passwords, firewalls, bio-metric access etc.) to ensure that the confidential information in their possession does not get disseminated either directly, indirectly, covertly or overtly. Concerned head of the department shall be responsible to ensure that adequate security measures are implemented at all places which handle/ deal in such confidential/ unpublished price sensitive information either frequently or otherwise. All information shall be handling within the organisation on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharges of his legal obligations. Due regard to the role and function of the concerned employee shall be had before giving him access to unpublished price sensitive information, in addition to seniority and professional designation.

## **12. PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT.**

Any Director/ Designated Person/ Designated Employee/ Connected Person who trades in securities or communication any information for trading in securities, in contravention of the Code of Conduct may be penalized and appropriate action may be taken by the Company.

Directors/ Designated Employees of the Company who violate the code of conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, etc.

In addition to the action which may be taken by the Company, the persons violating the Regulations and/ or this Code shall also be subject to actions, under Section 15G of the Act pursuant to which they may be liable to penalty which shall not be less than Rs. 10 lakhs and which may extend to Rs. 25 Crores or 3 times the amount of the profits made out of insider trading, whichever is higher; under Section 24 of the Act pursuant to which they may be liable to imprisonment for a term which may extend to 10 years and/or fine which may extend to Rs. 25 Crores; and other applicable laws.

The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulation, 2015.

## **13. REPORTING TO AUDIT COMMITTEE AND BOARD OF DIRECTORS**

The Compliance Officer shall provide a report to the Board of Directors through the Audit Committee with regard to implementation and operation of this Code at least once in a year and Audit Committee shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

## **14. MAINTENANCE OF RECORDS AND REGISTERS**

The Compliance Officer shall maintain:

- I. Register of pre-clearance of trading of Securities and record therein the name and designation of the Director, officer, Designated Persons submitting the application, date & time of receipt of the application, nature of transaction, number of securities, consideration value, name of the dependent family member if the transaction is in name of the dependent family member and date & details of the actual transaction.
- II. Records of all the declarations in the appropriate form given by directors, Officers, designated persons and their dependents for a minimum period of three years.
- III. Reporting of Decisions not to trade after securing pre-clearance.

**15. INFORMATION TO SEBI IN CASE OF VIOLATION OF SEBI  
(PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015.**

In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed by the Company through the Stock exchange [BSE Limited (BSE)].

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