

**NRB INDUSTRIAL BEARINGS LIMITED****Code of Conduct for Preventing Insider Trading****STATEMENT OF CODE OF CONDUCT FOR GOVERNING MATERIAL, NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING**

This Policy consists of four sections:

Section I	Provides an overview
Section II	Sets forth the Company's policies prohibiting insider trading
Section III	Explains insider trading and other terms; and
Section IV	Consist of various procedures which have been put in place By the Company to prevent insider trading

**SECTION – I****OVERVIEW**

Preventing insider trading is necessary to comply with the Regulations of Securities and Exchange Board of India (SEBI) as well as to preserve the reputation and integrity of NRB Industrial Bearings Limited (hereinafter referred to as "the Company") and that of all persons affiliated with it. "Insider trading" occurs when any person purchases or sells a security while in possession of unpublished material information relating to the security. Insider trading is a crime under Indian laws and the penalties for violating the laws include imprisonment, disgorgement of profits, civil and criminal fines. Insider trading is also prohibited by this code of conduct.

This policy applies to all employees, directors, professionals of the Company and anyone else who has material inside information which is not published or available to the general public about the Company and extends to all activities within and outside an individual's duties at the Company. Every employee and director or any other connected person must review this Statement.

Questions regarding the Statement should be directed to Company Secretary and the Compliance Officer or any other KMP, at [investorcare@nibl.in](mailto:investorcare@nibl.in)

[Tele: 022- 61207553](tel:022-61207553).

It should be noted that these code of conduct addresses the compliance with SEBI Regulations.

## SECTION – II

### CODE FOR PROHIBITING INSIDER TRADING

No employee or Director or Promoter/ Promoter Group and their relatives shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company, its subsidiary or any other affiliated company. Additionally, no employee or Director or Promoter/Promoter Group and their relatives shall purchase or sell any security of the Company during the Trading Window Closure in accordance with the Listing agreement with the Stock Exchanges.

No employee or director or Promoter/Promoter Group and their relatives shall directly or indirectly tip material, non-public information to anyone while in possession of such information. In addition, material, non-public information should not be communicated to anyone outside the Company under any circumstances, or to anyone within the Company other than on a need-to-know basis.

### DEFINITIONS

1. Insider -

Any person who is connected or was connected with the Company or is deemed to have been connected with the Company and who is reasonably expected to have access, by virtue of such connection, to unpublished price sensitive information in respect of shares / securities of the Company, or who has received or had access to such unpublished price sensitive information and includes a Connected Person as defined in this Code.

2. Connected Person –

Any person who is a director of the Company or occupies the position as an officer or an employee of the Company or holds a position involving a professional or business relationship between himself and the Company, whether temporary or permanent and who may reasonably be expected to have access to unpublished price sensitive information in relation to the Company along with its immediate relative and shall include the following persons:

- a) Company's Associate Company;
- b) Company's Bankers and Lenders ;

- c) Share Transfer Agent(s), Registrar to any issue of securities;
- d) Statutory Auditors, Internal Auditors, Cost Auditors, Tax Auditors and Secretarial Practitioner associated with the Company;
- e) Relatives / Employees of Connected Persons;
- f) Any other person/ firm/ body corporate appointed by the Company to avail any services where an unpublished Price sensitive information is involved.

Connected person shall also include any person who is a connected person six months prior to an act of insider trading.

### 3. Compliance Officer:

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.

The Company has appointed Ms. Ratika Gandhi as Compliance Officer of the Company.

### 4. Trading Window:

The Company shall specify a trading period called "Trading Window" for trading in the securities of the Company.

The Trading Window shall be, inter alia closed at the time of:

- Declaration of Financial results;
- Declaration of dividend (interim or final);

- Issue of securities by way of Public / Rights / Bonus etc.;
- Announcement of any major expansion plans or launching of any major project;
- Amalgamation, mergers, takeovers and buyback;
- Disposal of the whole or substantially the whole of the Company's Undertaking;
- Any changes in policies, plans or operations of the Company which if published or known, is likely to materially affect the market price of the securities of the Company;
- Any event, information of which if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.

The directors / officers / designated employees / Connected Persons are prohibited from trading in the securities of the Company when the Trading Window is closed.

5. Dependent family members/ Relatives:

The following shall be treated as dependent family members of the designated employee.

- Spouse
- Father
- Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter (including step-daughter)
- Daughter's Husband
- Members of HUF

6. Unpublished Price sensitive information:

It means and information relating to the Company in the events for which Trading Window is closed.

7. Interpretations Of Certain Words And Expressions:

Words and expressions used herein and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015 or the Companies Act, 2013, shall have the same meanings respectively assigned to them in those Acts.

## 8. Applicability

This Code shall apply to all Directors/ Officers / Employees / Designated Employees / Connected Persons of the Company and shall be called “NRB Industrial-Code for Prevention of Insider Trading”.

### Disclosure of Interest or holding

#### A. Initial Disclosure:

- i. Every promoter, key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within **thirty days** of these regulations taking effect in **Form A**;
- ii. Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within **seven days** of such appointment or becoming a promoter in **Form B**.

#### B. Continual Disclosure:

- i. Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within **two 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 **Rupees Ten lakh** or such other value as may be specified;
- 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.

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

The continual disclosures shall be made in respect of securities of the Company held by the dependent family members also, in the format as given in **“Form C”**

Disclosure by other connected person:

Connected Persons as defined in this Code shall in **Form D** disclose their holdings and trading in Company's Equity Shares.

### **Disclosure by Company to Stock Exchanges**

The Company's Compliance Officer, within two days of receipt, shall disclose to the Stock Exchanges, on which the company's shares are listed, the information received under initial and continual disclosures.

### **TRADING PLANS**

Trading Plans means that the fair chance is given to the insider to trade in the securities of the Company in the compliant manner whilst in possession of the unpublished price sensitive information. Insider shall submit its Trading Plan as per the following:

- The person submitting the plan shouldn't execute the trading within six months from the date of submission of the said plan.
- Trading shouldn't happen for the period between the twentieth day prior to the last day of financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results.
- The plan shouldn't be more than the period of twelve months from the date of submitting such plans.
- The plan shouldn't overlap any period for which another trading plan is in force.

The Compliance Officer of the Company shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and to approve the same.

After approving the plan, it should be notified to the stock exchanges where the securities are listed of the Company.

## **SECTION – III**

### **EXPLANATION OF INSIDER TRADING AND OTHER TERMS**

As noted above, "insider trading" refers to the purchase or sale of a security while in possession of "material" "non-public" information relating to the security. "Securities" include not only stocks (including American/Global Depositary Receipts/Shares), bonds, notes and debentures,

but also options, warrants, derivative products and similar instruments or securities. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These terms (Purchase and Sale) extend to a broad range of transactions including conventional cash-for-stock transactions, conversions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that insider trading includes the following:

- Trading by insiders while in possession of material, non-public information;
- Trading by persons other than insiders while in possession of material, non-public information where the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; or
- Communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

It should be noted that material non-public information need not be directly related to the issuer of a security for trading to be insider trading. For example, trading while in possession of non-public information about a subsidiary company, which is material to the Company, would be insider trading.

#### **A. Facts are Material?**

The materiality of a fact depends upon the circumstances. A fact is considered "material" if; there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of the business of a company or its affiliates or to any type of security, debt or equity.

Examples of material information include (but are not limited to) facts concerning:

- i) Dividends;
- ii) Corporate earnings or earnings forecasts;
- iii) Business performance developments, such as number of customers; mergers or acquisitions; major litigation; Significant borrowings or financing; defaults on borrowings; and bankruptcies,
- iv) Issues of securities or buyback of securities;
- v) Any major expansion plans or execution of new projects;
- vi) Amalgamation, mergers or takeovers;
- vii) Disposal of whole or substantial part of the undertaking; and
- viii) Any significant changes in policies, plans or operations of the Company.

Moreover, material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

**A good general rule of thumb: when in doubt, do not trade.**

## **B What is Non-public?**

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors by distribution to Stock Exchanges, where Company's shares are listed or through such media as Press and Television, Journals or similar broad distribution channels or the press media in India and abroad. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately 12 hours following publication as a reasonable waiting period before such information is deemed to be public.

## **C Who is an Insider?**

"Insiders" include employees, Directors, Promoters/Promoter Group and their relatives of the company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company's securities. All employees, directors and Promoter/Promoter Group of the Company should consider themselves insiders with respect to material, non-public information about the business, activities and securities of the Company. Insiders shall not trade in the securities the Company while in possession of material, non-public information relating to the companies nor tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by dependent family members of an employee or director shall be the responsibility of such employee or director under certain circumstances and could give rise to legal and Company-imposed sanctions.

## **D Trading by Persons other than Insiders**

Insiders may be liable for communicating or tipping material, non-public information to a third party ("tippee") and insider trading violations are not limited to trading or tipping by insiders.

Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public



information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

#### **E Trading window:**

Trading window shall refer to specified period during which the trading in securities of the Company is permitted. During the closure of Trading Window, trading in securities of the Company is prohibited for designated employees and is restricted for Insiders.

#### **F Designated Employees:**

Every employee, who directly reports to the Managing Director of the Company, all the Directors, Secretaries / Personal Assistants to such Directors and other Functional Heads, all employees of the Finance and Secretarial Departments of the Company and Associate Companies.

#### **G Penalties for Engaging in Insider Trading:**

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers.

Under SEBI Act, 1992, Insider Trading attracts criminal prosecution and the offender is punishable with imprisonment which may extend to one year or fine or with both. Further violation of provisions relating to disclosure also attracts punishment / penalties under SEBI Act.

In addition, insider trading could result in serious sanctions by the Company, including suspension, dismissal, wage freeze etc. The action by the company shall not preclude Statutory Authorities from taking any action in case of violations. Insider trading violations are not limited to violations of the SEBI Regulations.

#### **H Examples of Insider Trading:**

Examples of insider trading cases include actions brought against: employees and directors who traded a company's securities after learning of significant confidential corporate developments; friends, business employees, family members, and other tippees of such employees and directors who traded the securities after receiving such information; government employees who learned of such information in the course of their employment; and other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and consequently, not intended to reflect on the actual activities or business of;

**Trading by Insider:**

An officer of X Company Ltd learns that earnings to be reported by X Company Ltd will be significantly above market expectations. Prior to the public announcement of such earnings, the officer purchases X Company Ltd's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. Conversely the same officer learns that X Company Ltd's earnings will be significantly lower than market expectations prior to public announcement of such earnings and sells the shares in X Company Ltd, the officer, an insider, is liable for avoidance of loss as well as penalties of up to three times the amount of all losses.

**Trading by Tippee:**

An officer of X Company Ltd tells a friend that X Company Ltd is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Company Ltd's stock in advance of the public announcement. The officer is jointly liable with his friend for all of the friend's profits and each is liable for all penalties of up to three times the amount of the friend's profits. In addition, the officer and his friend are subject to, among other things, criminal prosecution, as described above.

**SECTION – IV****PROCEDURES FOR PREVENTION OF INSIDER TRADING**

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every designate employee is required to follow these procedures.

**A Identifying Material, Non-public Information**

Prior to directly or indirectly trading any security of the Company, every Insider is required to determine whether they are in possession of material, non-public information relating to such security. In making such assessment, the explanations of "material" and "non-public" information set forth above should be of assistance and the Company's Compliance Officer should be consulted in the event of any uncertainty. If after consulting with the Company's Compliance Officer it is determined that such Insider is in possession of material, non-public information, there shall be no trading in such security by them.

**B Information Relating to the Company****i) Access to Information:**

Access to material, non-public information about the Company or its associate company, including information with respect to their business, earnings or prospects, should be limited to employees and directors of the Company on a need-to-know basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances or to anyone within the Company on other than need to know basis.

In communicating material, non-public information to employees of the Company, all Insiders must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information.

**ii) Inquiries from Third Parties:**

Inquiries from third parties, such as industry analysts or members of the media, about the Company should be directed to the Chairman, Managing Director or Chief Financial Officer or other appropriate person.

**C Limitations on Access to the Company Information**

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

1. All employees or directors should take all steps and precautions necessary to restrict access to, and secure, material, non-public information by, among other things:
  - i) Maintaining the confidentiality of Company related transactions; Conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
  - iii) Restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
  - iv) Promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
  - v) Properly disposing of all confidential documents and other papers, after there is no longer any business or other legally required need; Restricting access to areas likely to contain confidential documents or material, non-public information; and Avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants,

airplanes or taxicabs.

2. Personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

#### **D Avoidance of Certain Aggressive or Speculative Trading**

Employees, directors or their relatives, should not directly or indirectly participate in transactions involving trading activities, which by their aggressive or speculative nature may give rise to an appearance of impropriety. Such activities would include short sales, the purchase of put or call options or the writing of such options. Moreover, these persons shall not purchase then sell, or sell and then repurchase, the Company's securities within a month period. It is clarified that Trading in derivatives does not amount to Speculation.

#### **E Compliance Officer**

Ms. Ratika Gandhi, Company Secretary is the designated Compliance Officer of the Company.

The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of designated employees' or directors' trades, monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the company. The compliance officer shall maintain a record of the designated employees and any changes made in the list of designated employees.

#### **F Trading Window:**

The "Trading Window" shall be closed during the period six days before Board of Directors meeting or any other Corporate Action events upto 48 hours post such event becomes public for the respective fiscal quarter prepared in accordance with the listing agreement with the Stock Exchanges.

For the purpose of trading in the company's securities by the designated employees, the Compliance Officer may also notify the period for any other occasion during which the trading window shall be closed.

All designated employees / directors of the company shall conduct all their dealings in the securities of the Company only in a valid trading window period and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed.

Employees other than designated employees may deal in the securities of the Company only by way of selling and not otherwise during the closure of trading window, subject to compliance with pre-dealing procedure.

**G Pre clearance of Trades**

1. (a) All designated employees who intend to deal in the securities of the company during the valid trading window period, above the threshold limit of Rs.5,00,000 in value or 5,000 shares, whichever is lower, should get pre clearance of the transactions as per the pre-dealing procedure described hereunder.  
  
(b) Every other employee, other than designated employee, who intend to deal in the securities of the company during the closure of trading window, may be allowed to sell and not otherwise upto Rs.5,00,000 in value or 5,000 shares whichever is lower in aggregate, with pre clearance of the transactions as per the pre-dealing procedure described hereunder.
2. An application as per Form C shall be made to the Compliance officer indicating the estimated number of securities that the designated employee/director intends to deal in, for pre clearance of the deals.
3. All directors/ employees shall execute their order in respect of securities of the company within one week after the approval is given. If the order is not executed within one week, after the approval is given, the directors/employees must get pre clearance of the transaction again. The prohibition or restrictions in trading of securities, and pre clearance procedure applicable to the employees as the case may be, shall also be applicable to their dependent family members/ relatives.

**H Reporting Requirements**

1. Disclosures shall be made to the Compliance Officer as specified under heads "Initial disclosure and Continual disclosures" of Section II.
2. The Compliance officer shall preserve all the records being maintained under this code, for a minimum period of three years.
3. The Compliance officer shall place before the Board of Directors, on a monthly basis all the details of the dealings in the securities by employees/director of the company and the accompanying documents executed under the pre clearance procedure.
4. Violation of provisions relating to disclosure attracts punishment / penalties under SEBI Act.

**I. 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.

\* \* \* \* \*

