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# THE INDIAN WOOD PRODUCTS CO. LTD.

Registered Office : 9, Brabourne Road, Kolkata - 700 001

## Code of Conduct for Prevention of Insider Trading

*(As issued on April 1, 2002 and modified by the Board of Directors in their meeting held on May ..., 2013)*

### The Code and Obligations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, have been amended from time to time (below referred to as the 'Regulations') in terms of which a Company is required to frame a Code of Conduct for Prevention of Insider Trading by its employees, including the Directors, in relation to the securities of the Company.

Insider trading occurs when any person buys or sells shares of a listed company by making use of some price-sensitive information which is not in the public domain because it has not been made public by the company with a view to making gain or avoiding loss. Insider trading is illegal under the Regulations and is a punishable offence under the SEBI Act.

The Indian Wood Products Co Limited (below referred to as "the Company") also makes efforts to preserve the confidentiality of un-published price sensitive information and prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every Director, Officer and Designated Employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company by not using it for dealing in shares of the Company. They should not use their position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

In line with the Regulations to achieve the aforesaid objectives of the Company, a Code of Conduct for Prevention of Insider Trading (below referred to as the 'Code') was adopted by the Board of Directors of the Company at their meeting held on April 30, 2002. The Code, as revised with effect from 9<sup>th</sup> August, 2013 is given below:

### Part A – Definitions

- (a) 'Company' means The Indian Wood Products Co. Limited;
- (b) 'Board' means the Board of Directors of The Indian Wood Products Co. Limited;
- (c) 'Dependant' means dependant parents, dependant children under the age of 21 years, or dependant spouse of, and any other person(s) dependant, on the Designated Employee;
- (d) 'Designated Employee' means:
  - 1. Members of the Board of Directors;
  - 2. All employees in one level below the Board;
  - 3. Every employee in Corporate Finance, Compliance, Finance, Internal Audit, Legal, Secretarial, Taxation;
  - 4. Heads of Business Units and Business Finance and employees directly reporting to them.
  - 5. Any other employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.



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(e) 'Officer', means the Chief Financial Officer and the Company Secretary.

(f) 'Price Sensitive Information' any information, which relates directly or indirectly to the Company and which if published, is likely to materially affect the price of securities of Company.

Explanation: The following shall be deemed to be the price sensitive information:

1. Periodical financial results of the Company;
2. Intended declaration of dividends (both interim and final);
3. Issue of securities or buy-back of securities;
4. Any major expansion plans or execution of new projects;
5. Amalgamation, mergers acquisition or takeovers;
6. Disposal of the whole or substantial part of the undertaking;
7. Any significant changes in policies, plans or operations of the Company;
8. Disruption of operations due to natural calamities;
9. Commencement of any new commercial production or commercial operations where the contribution therefrom is likely to exceed 5% of the total turnover of the Company during that financial year;
10. Developments with respect to changes in pricing / realisation on goods and services arising out of changes in government policy;
11. Litigation/dispute with a material impact;
12. Revision of credit ratings assigned to any security of the Company;
13. Any information which, if disclosed, in the opinion of the person disclosing it is likely to materially affect the prices of the securities of the Company;

(g) 'Regulations' means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including any amendment or reenactment thereof.

(h) 'Securities' means the equity / preference shares, debentures or any other security of the Company which is listed on any Stock Exchange whether in India or overseas and related stock market derivatives.

(i) 'Trading Window' means the period during which dealing in the Securities of the Company is permitted or not permitted by those governed by this Code.

(j) 'Unpublished' means information which is not published / made public by the Company or its agents and is not specific in nature.

Explanation — Speculative reports / news in print or electronic media shall not be considered as published information.

Words and expressions not defined in these Regulations shall have the same meaning as contained in SEBI (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India Act, 1992.



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## Part B – Code

### 1. Compliance Officer

- 1.1 For the purpose of this Code, the Company Secretary is the Compliance Officer and reports to the Managing Director of the Company, and in his absence, Chief Financial Officer (CFO) of the Company shall act as Compliance Officer.
- 1.2 Compliance Officer is responsible for setting forth policies, procedures, monitoring obedience to the rules for the preservation of 'Price-Sensitive Information', 'pre-clearing' of the intended trades (dealing in the Securities) by the Designated Employees and their Dependants, monitoring of trades and generally implementation of this Code under the overall supervision of the Board of the Company with the object of prevention of insider trading.

### 2. Preservation of Price Sensitive Information

- 2.1 All the Directors, Officers and other Designated Employees must preserve confidentiality of all Price Sensitive Information. Directors, Officers and other Designated Employees must not pass on such information to any person, directly or indirectly, recommending buying or selling of securities.
- 2.2 Unpublished Price Sensitive Information is to be handled on a "need to know" basis, that is, such information must not be disclosed except to those within the Company who need it to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.
- 2.3 Files containing confidential information must be kept secure and protect it from being leaked. Computer files must have adequate security of login and password, etc. Files containing confidential information must be deleted / destroyed after its use. Shredder should be used for the destruction of physical files.

### 3. Prohibition to buy / sell securities of the Company by Designated employees including Directors

The Directors, Officers and Designated Employees, when in possession of any unpublished price sensitive information must not:

- Buy or sell or recommend buying or selling of the Securities, either for themselves or for others; or
- Communicate, counsel or procure, directly or indirectly, any unpublished price sensitive information to / from any person except as required in the ordinary course of business or under any law.

### 4. Restriction on Buying / Selling of Securities by Designated Employees and / or their Dependants

- 4.1 Every Director, Officer and Designated Employee or their Dependants must not enter into derivative transaction(s) with respect to the securities of the Company at any time.

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4.2 Every Director, Officer and other Designated Employee or their Dependant must not buy / sell securities of the Company during closure of the Trading Window, that is, when the Trading Window is closed and trading in the Securities is prohibited.

4.3 Trading Window shall be closed during the following periods:

- a. A period beginning fifteen days before the meeting in which the Board is to consider and communicate annual / half yearly / quarterly financial results and ending forty-eight hours after from the time of such communication to the Stock Exchanges, where the Securities are listed.
  - b. In case of any other event, from the date of circulation of the agenda for the meeting of the Board, in which any material, unpublished price sensitive events are proposed. The closure of the Trading Window for those events shall be advised / notified by the Compliance Officer separately and shall open forty-eight hours after communication of the decision of the Board in respect of such events to the Stock Exchanges where the Securities are listed.
  - c. Such other period as may be notified by the Compliance Officer from time to time in consultation with the Chief Executive Officer / Managing Director of the Company.
- 4.4 Every Director, Officer and Designated Employee must take pre-clearance of their trade, as specified in Clause 4.8, for buying / selling of Securities of the Company, exceeding 5,000 equity shares in a single transaction or an aggregate of 10,000 equity shares in one calendar month (i.e. quantity of all transactions executed during the month taken together).
- 4.5 Dependants of Directors, Officers or Designated Employees must also take such pre-clearance for purchase or sale of Securities of the Company, exceeding 5,000 equity shares in a single transaction or an aggregate of 10,000 equity shares in one calendar month (that is quantity of all transaction executed during the month taken together).
- 4.6 Directors, Officers and Designated Employees must hold the shares purchased by them for a minimum period of 30 days from the date of purchase or allotment thereof ('Minimum Holding Period'). In case of personal emergency, pre-clearance shall be required as specified in Clause 4.8, for waiver of the Minimum Holding Period.
- 4.7 All the Directors, Officers and Designated Employees who buy or sell any number of Securities must not enter into an opposite transaction i.e. sell or buy, for any number of securities within the next six months following the prior transaction. In case of personal emergency, pre-clearance is required, as specified in Clause 4.8, for relaxation of any provision relating to purchase or sale of shares.
- 4.8 Pre-clearance, referred to in Clauses 4.4 to 4.7, is required to be taken by Director, Officer or other Designated Employee from the Compliance Officer. For the Compliance Officer, pre-clearance is required to be taken from the Chief Executive Officer or Managing Director of the Company. For the purchase or sell by the Dependant of any Director, Officer or other Designated Employee, pre -clearance shall be taken by such Director, Officer or other Designated Employee on their behalf.
- 4.9 Purchase or sale transactions for which pre-clearance has been obtained by the Designated Employees or their Dependant shall be executed within seven days of such clearance, failing which fresh pre-clearance shall be required to be taken, as specified in Clause 4.8.





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4.10 The Form for making application for pre-clearance, as specified in Clause 4.8 is annexed to this Code and Compliance Officer may amend the same from time to time, if necessary, under the Regulations.

4.11 Directors, Officers and Designated Employees must also execute an undertaking in favour of the Company along with the application for the pre-clearance incorporating clauses as may be notified under the Regulations.

## 5. Disclosures / Reporting

5.1 Every Director, CFO, Company Secretary or other Designated Employee must on becoming a Director, CFO, Company Secretary or Designated Employee within 2 working days, disclose the following to the Company:

- their holding in the Company's securities and that of their Dependants
- their own and their Dependants' position in derivatives with respect to the Company's securities.

5.2 If there is a change in the Company's Securities held by Director, CFO, Company Secretary or other Designated Employee or in the holding of their dependant and such change exceeds Rs. 5 lakhs in value or 25,000 shares or 1% of the total shares of the Company, whichever is lower, or such other limit as may be prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, they shall disclose the same within two working days of such change *to the Company and to the Stock Exchanges where the Company's securities are listed.*

5.3 All the Directors, Officers and Designated Employees must make an annual disclosure of the number of Securities held as on 31st March each year by them and their Dependants, including details of purchase / sale of securities during the financial year to the Compliance Officer. This disclosure shall be made within 30 days from the close of each financial year.

5.4 The Forms for making disclosure under Clause 5.1, 5.2 and 5.3 are specified under Clause 9.

5.5 The Compliance officer must maintain records of all Directors, Officer and Designated Employees, any change in their record and the declarations / disclosures received from them. He must place before the Managing Director, on a monthly basis, all the details of the dealing in the Securities of the Company by such Officers and Designated Employees of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

## 6 Penalties for Contravention

In case anyone, to whom this code is applicable, commits contravention of this Code liable to be penalised and also be subject to disciplinary action by the Company, which may include wage / salary freeze, suspension, withholding of promotions, etc. The action by the Company will not preclude SEBI from taking any action under the Regulations.

## 7 Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992

If it is observed by the Company and/or Compliance Officer that there has been a violation of the Regulations, SEBI will be informed by the Company.



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## 8 General

A copy of the Regulations is enclosed. All persons governed by this Code Employees are advised to peruse the Regulations carefully and acquaint themselves with all the provisions contained therein. Clarification/ assistance as necessary may be sought from the Compliance Officer.

## 9 Forms for Application / Disclosure

Sl. No.	Purpose	Applicable Clause no.	Form No.	Annexure No.
1	Application for waiver of minimum holding period.	4.6	FORM I	Annexure - I
2	Application for waiver of opposite transaction.	4.7	FORM II	Annexure - II
3	Application for pre-clearance containing undertaking.	4.8 and 4.11	FORM III	Annexure - III
4	Disclosure by the person holding more than 5% shares or voting right in the Company.	-	FORM A	Annexure - IV
5	Disclosure on becoming Director, Officer, or Designated Employee.	5.1	FORM B	Annexure - V
6	Disclosure in case of change in holding of person holding more than 5% shares or voting right in the Company.	-	FORM C	Annexure - VI
7	Disclosure in case of change in holding of Director, Officer, or Designated Employee.	5.2	FORM D	Annexure - VII
8	Annual disclosure by the Director, Officer, or Designated Employee.	5.3	FORM IV	Annexure - VIII

