

H.P. COTTON TEXTILE MILLS LIMITED

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

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Contents

1.	Preamble	3
2.	Legal Framework	3
3.	Terms and Definitions	3
4.	Chief Investor Relations Officer	3
5.	Prompt public disclosure of UPSI	4
6.	Uniform and Universal Dissemination of UPSI	4
7.	Prompt disclosure of information that get disclose inadvertently or selectively	4
8.	Responding to Queries on news reports and market rumors	4
9.	Disclosure of UPSI with special reference to Analysts, Institutional Investors	4
10.	Dissemination of Transcripts and Recording of proceedings	5
11.	Handling Unpublished Price Sensitive Information on need to know basis	5
12.	Determination of Legitimate Purposes for disclosure of UPSI	5
13.	Disclosure	5
14.	Amendment	6
15.	Annexure-A - Policy for Determination of Legitimate Purposes	7

1. PREAMBLE

H.P. Cotton Textile Mills Limited (hereinafter referred to as “*the Company*”) has always endeavored to provide a healthy level of disclosure, with responsibility and caution in discussion about the future, transparency and equal dissemination of information to all its investors and analysts, current or prospective.

2. LEGAL FRAMEWORK

The Securities Exchange Board of India (hereinafter referred to as “*SEBI*”) has formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 including amendment thereto, from time to time (hereinafter referred to as “*Insider Regulations*”) to prescribe a legal framework for prohibition of insider trading. In terms of the provisions of Insider Regulations, every listed company is required to formulate a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as “*Code of Fair Disclosure*”).

In compliance of Regulation 8(1) of the Insider Regulations, Company has formulated and adopted this Code of Fair Disclosure to ensure timely and adequate disclosure of Unpublished Price Sensitive Information (as defined below).

3. TERMS AND DEFINITIONS

In this Policy, the following terms shall have the following meanings:

- i. “**Unpublished Price Sensitive Information**” (UPSI) means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
 - a) financial results;
 - b) dividends;
 - c) change in capital structure;
 - d) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
 - e) changes in key managerial personnel.

4. CHIEF INVESTOR RELATIONS OFFICER

The Company Secretary shall be the Chief Investor Relations Officer (“*CIRO*”), who deals with the dissemination and disclosure of UPSI. In addition to CIRO, the following persons (“*Authorised Spokespersons*”) are also authorized to communicate with the Investors/media in co-ordination with the CIRO:

- Chairman;
- Managing Director & CEO;
- CFO;

5. PROMPT PUBLIC DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Company will comply with all periodic reporting and disclosure requirements contained in the Companies Act, 2013, listing agreement executed with the Stock Exchanges, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Insider Regulations and other applicable laws. Company shall make prompt disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

6. UNIFORM AND UNIVERSAL DISSEMINATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

Chief Investor Relations Officer and/or Authorised Spokesperson shall ensure that the-

- Disclosure/ Dissemination of information are done through various media so as to achieve maximum reach and quick dissemination.
- Disclosure/Dissemination of information made to various media is uniform and no selective disclosure is made.
- Disclosure is made to stock exchanges prior to the said information is disclosed to the media.
- Disclosure is made simultaneously through the website www.hpthreads.com.

7. PROMPT DISCLOSURE OF INFORMATION THAT GET DISCLOSE INADVERTENTLY OR SELECTIVELY

The Company shall also promptly disseminate the UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available by informing to the stock exchanges where the Securities of the Company are listed. If any UPSI is inadvertently disclosed without the consultation of the CIRO, the CIRO should be informed about the same as soon as possible and they may take such action to ensure that such information is generally available.

8. RESPONDING TO QUERIES ON NEWS REPORTS AND MARKET RUMORS

Any queries on news report or requests for verification of market rumors by stock exchanges/regulatory authorities shall be immediately forwarded by the recipient to the CIRO. The CIRO shall decide whether a public announcement is necessary for verifying or denying rumors and then make the disclosure.

9. DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION WITH SPECIAL REFERENCE TO ANALYSTS, INSTITUTIONAL INVESTORS

No UPSI shall be disclosed/ disseminated to analysts, institutional investors, select shareholders, research personnel etc. Only public information should be provided to the analysts/institutional investors, select shareholders, research personnel/ large investors like institutions. Alternatively, the information given to

the analyst etc. should be simultaneously made public by informing to Stock Exchanges (through CIRO) simultaneously with providing of such information to Analyst.

For this purpose, the information must be sent to CIRO before sharing the information with Analysts. The CIRO shall also ensure to put the information on Company's website.

10. DISSEMINATION OF TRANSCRIPTS AND RECORDING OF PROCEEDINGS

- In order to avoid misquoting or misrepresentation, at least two company representatives shall be present at meetings with Analysts and discussion should be recorded in writing and countersigned by CIRO or transcripts be made.
- The transcripts/records of proceedings shall be displayed on the website of the company to ensure official confirmation and documentation of disclosures made.
- All those dealing with Analysts should be careful when dealing with their questions that raise issues outside the intended scope of discussion. Unanticipated questions should be taken on notice and a considered response be given later in consultation with CIRO. If the answer includes UPSI, a public announcement should be made before responding. All public announcement should be informed to Stock Exchanges also either simultaneously or before public announcement.

11. HANDLING UNPUBLISHED PRICE SENSITIVE INFORMATION ON NEED TO KNOW BASIS

Unpublished Price Sensitive Information shall be handled on a need to know basis, i.e. UPSI should be disclosed only to those who need the information to discharge their duty and shall not be communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations. All UPSI directly received by an employee should immediately be reported to the CIRO, who shall decide whether a disclosure is necessary to Stock Exchanges and on Company's website.

12. DETERMINATION OF LEGITIMATE PURPOSES FOR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Unpublished price sensitive information can be shared as an exception by an Insider for Legitimate purposes as per its "Policy for determination of Legitimate Purposes" (**Annexure A**), provided it is not shared to evade or circumvent the prohibition under this Regulation.

13. DISCLOSURE

The Code will be published on the website of the Company. Further, this Code and any subsequent amendment or modification made thereto shall be promptly intimated to the stock exchange where the securities of the Company are listed.

14. AMENDMENT

The Code can be modified at any time by the Board of Directors of the Company, or by the Company Secretary to reflect any changes / amendments / clarifications notified by SEBI, subject to ratification of such amendment by the Board, in its next meeting.

This Code is approved by the Board of Directors at their meeting held on February 11, 2020 and shall be effective from February 11, 2020

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POLICY FOR DETERMINATION OF LEGITIMATE PURPOSES

[Pursuant to Regulation 3 (2A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]

1. PREFACE

This Policy, as a part of "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" formulated under Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations 2015, will be known as "Policy for Determination of Legitimate Purposes" hereinafter referred to as the "Policy". This Policy is prepared in accordance with Regulation 3{2A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

2. OBJECTIVE

The objective of this policy is to identify 'Legitimate Purposes' for performance of duties or discharge of legal obligations, which will be considered as exception for the purpose of procuring unpublished price sensitive information (UPSI) relating to the Company or its listed securities or proposed to be listed securities, if any.

3. DEFINITION

- a) **“Insider”** - Any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered as an "insider" for purpose of these regulations and due notice shall be given to such persons (Insiders) to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- b) **“Unpublished Price Sensitive Information” (UPSI)** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
 - a) financial results;
 - b) dividends;
 - c) change in capital structure;
 - d) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
 - e) changes in key managerial personnel.

4. DETERMINATION OF LEGITIMATE PURPOSES

For the purpose of this Code, the expression '*legitimate purpose*' shall include (but not limited to) the sharing of information by an insider in following manner:

- i. in ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors (Statutory, Internal, Branch, Cost, Secretarial, GST and any other Auditor as applicable), insolvency professionals or other advisors or consultants, provided that such sharing of UPSI has not been carried out to evade or circumvent the provisions of the Insider Regulations.
- ii. during the course of performance of official duties.
- iii. pursuant to a legal or regulatory obligation owed to a third party; and
- iv. in compliance with the provisions of Insider Regulations or any other law for the time being in force applicable on sharing of information by an insider to any third person.

In addition to above, the Chief Investor Relations Officer (“*CIRO*”) shall, on case to case basis, allow the sharing of information after considering the following:

- a) reasons for sharing of such information;
- b) person sharing the information does not have any ‘illegitimate’ purpose behind sharing of such information; and
- c) on such terms and conditions as the *CIRO* deems fit.

Every Designated Person sharing the information for ‘legitimate purposes’ pursuant of the provisions of this Code shall also observe the provisions of the Code of Conduct for Prevention of Insider Trading with respect to the sharing of such information for “legitimate purposes”.

Any person who is in receipt of UPSI pursuant to the Legitimate Purposes shall be considered as an Insider for the purpose of the Insider Regulations and notice shall be given to such person(s) to maintain confidentiality of UPSI, in compliance with the Insider Regulations.

5. RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

The board of directors shall require the parties to execute agreements which includes “confidentiality clause” or else a separate Non-Disclosure Agreement with such parties and such parties shall keep information so received confidential, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

6. AMENDMENT

The Policy can be modified at any time by the Board of Directors of the Company, or by the Company Secretary to reflect any changes / amendments / clarifications notified by SEBI, subject to ratification of such amendment by the Board, in its next meeting.

This Policy is approved by the Board of Directors at their meeting held on February 11, 2020 and shall be effective from February 11, 2020

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