

AMBICA AGARBATHIES & AROMA INDUSTRIES LIMITED

Code of Conduct for Regulating, Monitoring and Reporting of Trading by

Insiders

and

Code of Practices and Procedures for Fair Disclosure

of

Unpublished Price Sensitive Information

(Effective from April 01, 2019)

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INTRODUCTION

Insider trading means dealing in securities of a company listed/traded on any stock exchange in India based on, or when in possession of, unpublished price sensitive information.

With a view to govern the conduct of insiders on matters relating to insider trading, the Securities and Exchange Board of India (SEBI) had formulated Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'The Regulations').

Sub-regulation (1) of Regulation 9 inter alia, requires all listed companies to frame a Code of Conduct for Regulating, Monitoring and Reporting of trading by insiders by adopting the minimum standards as set out in Schedule B to the Regulations.

Sub-regulation (1) of Regulation 8 requires all listed companies to formulate and publish on its website, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information by adopting the minimum standards as set out in Schedule A to the Regulations.

Ambica Agarbathies & Aroma Industries Limited has formulated this Code of Conduct for Regulating, Monitoring and Reporting of trading by Insiders' ("Code"). All the Directors, Designated Persons, officers and other connected persons of Ambica are governed by the Code.

All the Directors, Designated Persons, officers and connected persons of Ambica are advised to carefully go through and familiarize themselves with and adhere to the Regulations and the Code.

The Company endeavors to preserve the confidentiality of Unpublished Price Sensitive Information ("UPSI") and to prevent misuse of such information.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, Designated Person and connected person of the Company has a duty to safeguard the confidentiality of all such UPSI obtained in the course of his or her work at the Company. No Director, Officer, Designated Officer and connected persons may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

The Company hereby stipulates that this code of conduct is to be complied by all directors, officers, Designated Persons and connected persons.

This Code shall apply to all Directors, Designated Persons, officers and connected persons of the Company.

1. Definitions

- 1.1 "**Act**" means the Securities and Exchange Board of India Act, 1992.
- 1.2 "**Board**" means the Securities and Exchange Board of India
- 1.3 "**Code**" or "**Code of Conduct**" shall mean the Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Code of Practices and Procedures for Fair Disclosures of Kernex Microsystems (India) Limited as amended from time to time.
- 1.4 "**Company**" means Ambica Agarbathies & Aroma Industries Limited.
- 1.5 "**Compliance Officer**" means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the SEBI regulations designated so and reporting to the Board of Directors 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 SEBI regulations or in these Codes under the overall supervision of the Board of Directors of the Company or the Head of the Organisation.
- 1.6 "**Connected Person**" means:
- (i) Any person who is or has during the 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 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 the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

1.7 "**Dealing in Securities**" means an act of subscribing to, buying, selling or agreeing to subscribe, buy, sell or deal in the securities of the Company either as principal or agent.

1.8 "**Designated Persons**" shall include:

- (i) All Directors including Chief Executive Officer (CEO);
- (ii) All Employees in the cadres of Senior General Managers, Vice Presidents and Senior Vice Presidents having access to unpublished price sensitive information.
- (iii) Chief Financial Officer (CFO) and Compliance Officer;
- (iv) All Heads of the Finance & Accounts Departments in all the Units ;
- (v) Employees of material subsidiaries of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;
- (vi) All promoters of the Company.
- (vii) Employees upto two levels below CEO of the Company irrespective of their functional role in the Company or ability to have access to unpublished price sensitive information;
- (viii) Employees of other Departments/Divisions on a case-to-case basis, who could be reasonably expected to have access to unpublished price sensitive information(s) relating to the Company, to be decided by the Chairman/Managing Director/Whole-Time Director/ Compliance Officer/Chief Financial Officer, on a case-to-case basis;
- (ix) Auditors of the Company.
- (x) All departmental heads.
- (xi) Any support staff of the Company who have access to unpublished price sensitive information to be decided by the Managing Director/ Chief Financial Officer.
- (xii) Such other persons as may be identified by the the board of directors in consultation with Compliance Officer.

1.9 "**Director**" means a member of the Board of directors of the Company.

- 1.10 "**Employee**" means every employee of the Company including the Directors in the employment of the Company.
- 1.11 "**Generally available Information**" means information that is accessible to the public on a non-discriminatory basis.
- 1.12 "**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.
- 1.13 "**Insider**" means any person, who is,
- i. a connected person; or
 - ii. In possession of or having access to unpublished price sensitive information.
 - iii. in receipt of unpublished price sensitive information pursuant to a "legitimate purpose".
- 1.14 "**Key Managerial Person**" means person as defined in Section 2(51) of the Companies Act, 2013.
- 1.15 "**Promoter**" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.
- 1.16 "**Securities**" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.
- 1.17 "**Takeover regulations**" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- 1.18 "**Trading**" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- 1.19 "**Trading Day**" means a day on which the recognized stock exchanges are open for trading.
- 1.20 "**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:
- i. financial results;
 - ii. dividends;
 - iii. change in capital structure;

- iv. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- v. changes in key managerial personnel; and

1.21 "**Regulations**" shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

1.22 "**Specified Persons**" means the Directors, connected persons, the insiders, the Designated Persons and the promoters and immediate relatives(s) who are collectively referred to as Specified Persons.

Words and expressions used and not defined in these Codes but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

2. Role of Compliance Officer

- 2.1 The Compliance Officer shall report on insider trading to the Board of directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, or to the Chairman of the Board of directors on quarterly basis or at such frequency as may be stipulated from time to time by the Board of Directors.
- 2.2 The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments thereto and shall also administer the Company's Code of Conduct and other requirements under the SEBI Regulations.

3. Restrictions on Communication and Trading by Insiders

3.1 Communication or procurement of unpublished price sensitive information:

- (1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a 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.
- (2) 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.
- (3) The UPSI shall be shared by any person(s) authorized by the Board of Directors of the Company in this behalf, only in furtherance of legitimate purpose(s) which shall include the following;
 - (i) Sharing of UPSI in the ordinary course of business by any Insider, Designated Person, or by any Authorized person with existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants.
 - (ii) Sharing of UPSI where such communication is in furtherance of performance of duty (ies);
 - (iii) Sharing of UPSI for discharge of legal obligation(s).
 - (iv) Sharing of UPSI for any other genuine or reasonable purpose as may be determined by the Board of the Company.
 - (v) Sharing of UPSI for any other purpose as may be prescribed under the Securities Regulations or Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.

Provided that such sharing should not be carried out to evade or circumvent the prohibitions of PIT Regulations.

However, other provisions / restrictions as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any other law for the time being in force in this behalf, as may be amended from time to time, shall be observed.
- (4) Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:

- entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company; or
- not attract the obligation to make an open offer under the takeover regulations but where the Board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least 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.

However, 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

3.2 The Board shall be responsible to maintain a structured digital database of such persons or entities as the case may be with whom information is shared which shall contain the following information;

- (i) Name of such recipient of UPSI;
- (ii) Name of the Organization or entity to whom the recipient represent
- (iii) Postal Address and E-mail ID of such recipient
- (iv) Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

The Board shall also be responsible to ensure that such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trials to ensure non-tampering of such database.

3.3 Trading when in possession of unpublished price sensitive information.

- (1) No insider shall trade in securities that are listed 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 prove his innocence by demonstrating the circumstances including the following : –

- (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 this Code and both parties had made a conscious and informed trade decision;

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. 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) in the 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 Code and 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;

- (iii) the trades were pursuant to a trading plan set up in accordance with the procedure hereinafter specified.

- (2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons.

4. Internal Code of Conduct to Regulate, Monitor and Report trading by Insiders:

The Code of Conduct is formulated to regulate, monitor and report trading by Designated persons and their immediate relatives towards achieving compliance with SEBI regulations, adopting the minimum standards set out in Schedule B thereto, without diluting the provisions thereof, in any manner.

4.1 Designated persons and their immediate relatives on the basis of their functional role ("designated persons as defined in clause 1.8 of this Code") in the Company shall be governed by the following internal code of conduct.

4.2 They may execute trades subject to compliance with this Code and SEBI Regulations.

4.3 Need to know:

All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated, provided or allowed access, to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of legal obligations.

(i) "need to know" basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

(ii) All non-public information directly received by any employee should immediately be reported to the head of the department.

Limited access to confidential information:

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

5. Trading Plan:

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

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

5.2 The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violation of SEBI regulations and the Codes 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.

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

5.3 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.

5.4 However, 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.

5.5 Upon approval of the trading plan, the Compliance Officer shall notify the Plan to the stock exchanges on which the securities are listed.

6. Trading Window and Window Closure

6.1 A notional trading window as specified herein below shall be used as an instrument of monitoring trading by the Designated Persons:

- i. The trading period, during which trading on Stock exchanges is permitted as hereinafter provided is called "trading window";
- ii. The trading window shall be, inter alia, closed from the end of every quarter till 48 hours after the declaration of financial results
- iii. The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.
- iv. When the trading window is closed, the Designated Persons and their immediate relatives shall not trade in the Company's securities in such period.
- v. All Designated Persons shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when the trading window is closed, as referred to in Point No. (ii) Above or during any other period as may be specified by the Company from time to time.
- vi. In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted

on exercise of ESOPs shall not be allowed when trading window is closed.

6.2 The Compliance Officer shall intimate the closure of trading window to all the designated Persons of the Company when he 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.

6.3 The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, which shall be forty-eight hours after the information, becomes generally available.

7. Pre-Clearance of Trades

All Designated Persons, who intend to deal in the securities of the Company when the trading window is open and if the value of the proposed trades is above Rs. 10 Lakhs (market value), should obtain pre-clearance from the Compliance Officer for each transaction. The pre-clearance procedure shall be hereunder:

- (i) An application may be made in the prescribed Form (**Annexure 1**) to the Compliance officer indicating the estimated number of securities that the Specified Person/Designated Person intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by the Compliance Officer in that behalf.
- (ii) A Declaration (**Annexure 2**) shall be executed in favour of the Company by such Specified Person incorporating, *inter alia*, the following clauses, as may be applicable:
 - (a) That the employee/director/officer does not have any access or is not in possession of "Price Sensitive Information" up to the time of signing of the Declaration.
 - (b) That in case the Specified Employee has access to or receives "Price Sensitive Information" after the signing of the Declaration but before the execution of the transaction he/she shall forthwith inform the Compliance Officer of the change in his position and that he/she shall refrain from dealing in the securities of the Company till the time such information becomes public and after a lapse of 48 hours thereof.
 - (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.

- (iii) Before granting pre-clearance in form (**Annexure 3**), the Compliance Officer shall have due regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- (iv) All Specified Persons/Designated Persons shall execute their order in respect of securities of the Company within seven trading days from the date of the approval of pre-clearance. The Specified Persons/Designated persons shall file within 2 (two) days of the execution of the deal, the details of such deal and changes in the holdings, with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed (**Annexure 4**).
- (v) If the order is not executed within seven trading days from the date the approval is given, the designated person must seek fresh pre-clearance of the transaction.
- (vi) All Specified Persons/Designated Persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction (shall not execute a contra trade) i.e. sell or buy any number of shares during the next six months following the prior transaction. All Specified Persons/Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time. In case any 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 the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act. However, such restriction shall not be applicable for trades pursuant to exercise of stock options.
- (vii) The Compliance Officer may lift the ban on contra trade in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.

8. Disclosures of Trading by Insiders

- 8.1 The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- 8.2 The disclosures of trading in securities shall also include trading in derivatives of securities, if any permitted by law and the traded value of the derivatives shall be taken into account for purposes of this Code.
- 8.3 The disclosures made under this Clause shall be maintained by the Company for a minimum period of five years, in such form as may be specified by SEBI;
- 8.4 Initial Disclosure

- 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 the regulations and the Code taking effect, to the Company within thirty days of the regulations and the Code taking effect;
- b) 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.

8.5 Continual Disclosures.

- (a) Every promoter, employee and director of the 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 ten lakh rupees or such other value as may be specified by SEBI;
- (b) The 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-clause, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause 8.5(a).

8.6 Disclosures by other connected persons.

The Company may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with SEBI regulations and this Code.

8.7 All Designated Persons shall disclose their holdings including their immediate relatives at the end of each Quarter (**Annexure 5**).

8.8 Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a) immediate relatives

- b) persons with whom such designated person(s) shares a material financial relationship as defined in the regulation.
- c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

9. Penalty for contravention of the code of conduct

- 9.1 Every Specified Person/Designated Person/Insider shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof applicable to his/her immediate relatives).
- 9.2 Any Specified Person/Designated Person/Insider who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalised and appropriate action may be taken by the Board of directors of the Company.
- 9.3 Designated Persons/Specified Persons/Insider who violate the Code shall also be subject to disciplinary action by the Board of directors of the Company, which may include wage freeze, suspension, recovery, clawback ineligibility for future participation in employee stock option plans, etc.
- 9.4 The action by the Company shall be in addition to any action that may be taken by SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- 9.5 In case it is observed by the Board of directors that there has been a violation of SEBI regulations, they shall inform SEBI promptly.

10. Code of Fair Disclosure of Unpublished Price Sensitive Information

The code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering to each of the principles enunciated in Schedule A of SEBI (Prohibition of Insider Trading) Regulations, 2015, in pursuance of Reg.8(1) thereof, is set out below:

The Company shall promptly intimate the Code and every amendment thereto, to the stock exchanges where its securities are listed and place it on its website.

- 1. There shall be 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. The Uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure shall be ensured.

The disclosure of Unpublished Price Sensitive Information shall be made promptly to the Stock Exchanges where the securities are listed to ensure uniformity and prevent selectivity.

3. The Compliance Officer of the Company is designated as Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. There shall be Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. The Board of directors shall ensure that appropriate and fair response shall be provided to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. The Board of directors shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
7. The Board of directors shall develop 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:
9. Corporate Disclosures:

CFO/Compliance Officer shall obtain prior approval of Chairman/CEO depending upon the nature of sensitivity of the information before releasing to the Stock Exchanges.

In case of any doubt regarding release of information or understanding the nature of unpublished price sensitive information, CFO/Compliance Officer shall consult and seek approval of the Chairman/Managing director/CEO or such other person who are experts in the domain.

If any unpublished price sensitive information is accidentally disclosed or disclosed selectively without prior approval, the person responsible for disclosing such information, shall inform the Chairman/Managing director/CEO and CFO immediately. On receipt of such information CFO/Compliance Officer in consultation with Chairman/ Managing director/CEO shall disclose the same to the stock exchanges and also get the same posted on the website of the Company so as to make such information generally available.

9.1 Responding to Market Rumors:

The directors and employees of the Company shall promptly refer any queries or requests for verification of market rumors received from the stock exchanges or from the press or media or from any other source to the Chief Investor Relations Officer. Replies to all queries or requests for verification of rumors shall be sent only after obtaining the approval of Managing Director/ Chairman/CEO.

The CFO/Compliance Officer shall on receipt of requests as aforesaid, consult the Chairman /Managing director/CEO and respond to the same without any delay. The replies shall be signed by such other officer as may be authorized in the absence of Compliance Officer.

CFO/ Compliance Officer, in consultation with the Chairman/Managing director/CEO shall decide as to the necessity of a public announcement for verifying or denying rumors and thereafter making appropriate disclosures.

All the requests/queries received shall be documented and as far as practicable, the Compliance Officer shall request for such queries/request to be given in writing. The CFO shall oversee corporate disclosures.

9.2 Disclosure/dissemination of unpublished price sensitive information with special reference to Analysts, Research Personnel and Institutional Investor.

The Directors, Officers, and Employees of the Company shall provide only public information to the analysts/research personnel/large investors like financial institutions, private equity etc.

In case, non-public information is proposed to be provided, by the Directors, Officers and Employees, the person proposing to provide information shall consult Chairman/Managing director/CEO and CFO in advance. The CFO in consultation with the Chairman/Managing director/CEO in such cases, shall ensure that the information provided to the analysts/research personnel/investors as above is made public simultaneously with such disclosure.

9.3 Handling of unanticipated questions:

The Company shall take extreme care and caution when dealing with analysts' questions and defer issues outside the intended scope of discussion.

Managing director/ CFO should tackle the unanticipated questions carefully. The unanticipated questions may be noted and considered response may be given later on in consultation with the Board/Chairman/Managing director/CEO, as the case may be. If answer to any question requires dissemination of Price Sensitive Information, the Chairman/Managing director/CEO/CFO/Compliance Officer shall ensure that the same shall be disseminated to the Stock Exchanges and

uploaded on the website of the Company to make it generally available, before responding to the question raised by the analysts, research personnel etc.

9.4 Recording of Discussions:

All the analyst, broker or Institutional Investor meetings shall be attended by Senior Company Officers who will report to the Chief Investor Relations Officer. The Compliance Officer, in order to avoid misquoting or misrepresentation, shall arrange for recording the discussions at the meeting and the audio file is uploaded on the web site of the Company till it is substituted by the transcripts of the same.

Simultaneous Release of Information:

Whenever the Company proposes to organize meetings with investment analysts/institutional investors, the Company shall post relevant information on its website after every such meeting.

The Chief Investor Relations Officer in consultation with the Chairman/Managing director/CEO shall get the text of the calls to be posted on the Company's website. Presentations shall not contain unpublished price sensitive information and the same shall be placed on the website of the Company and provided to the Stock exchanges for placing on their websites.

9.5 Medium of Disclosure/dissemination of unpublished price sensitive information:

The unpublished price sensitive information filed by the Company with the Stock exchanges under the listing regulations shall also be posted on the Company's website.

9.6 Norms for installation of Chinese wall procedures to control the flow of information and to prevent the misuse of confidential information.

The following departments/units/heads are treated as separate areas for the purpose of Chinese Wall procedures;

- Finance & Accounts
- IT
- Marketing/Purchases
- Heads of Units
- Heads of Subsidiaries, Domestic/Overseas.

The employees in the respective areas shall not communicate any price sensitive information to the other areas. In exceptional circumstances the employees in the restricted areas may be brought "over the wall" and

given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

Compliance Officer or Head of the Department or Head of the Units/ Subsidiaries or any KMP alone are entitled to cross the wall.

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APPLICATION FOR PRE-CLEARANCE
[Pursuant to Clause 7(i)]

Date:

To,
The Compliance Officer,
Ambica Agarbathies & Aroma Industries Limited
Eluru

Dear Sir,
Application for Pre-clearance of trading in securities of the Company

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the **Company's** Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, I seek approval to purchase / sale / subscribe _____ equity shares of the Company as per details given below:

1.	Name of the Applicant		
2.	Designation		
3.	Number of Securities held as on date		
4.	Folio No./DP ID/Client ID No.		
5.	The proposal is for		a) Purchase of Securities b) Subscription of Securities c) Sale of Securities
6.	Proposed date of dealing in securities		
7.	Estimated number of securities proposed to be acquired/subscribed/sold		
8.	Price at which the transaction is proposed		
9.	Current Market Price (as on date of application)		
10.	Whether the proposed transaction will be through stock exchange or off-market deal		
11.	Folio No./DP ID/Client ID No. where the securities will be credited/debited		

I enclose herewith the form of Declaration signed by me.
Yours faithfully.

(Signature of Designated Person)

Name:

Client Id:

Email:

Cell:

**DECLARATION TO BE ACCOMPANIED WITH THE
APPLICATION FOR PRE-CLEARANCE
DECLARATION**

To,

Ambica Agarbathies & Aroma Industries Limited
Eluru

I, _____, _____ of the Company residing at _____, am desirous of dealing in _____ * shares of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information (as defined in the Company’s Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders) (the Code) up to the time of signing of this Undertaking.

In the event that I have access to or received any information that could be construed as “Price Sensitive Information” as defined in the Code, after the signing of this Declaration but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time.

I undertake to submit the necessary report within one day of execution of the transaction / a ‘Nil’ report if the transaction is not undertaken.

If approval is granted, I shall execute the deal within 7 trading days from the date of approval of pre-clearance failing which I shall seek fresh pre-clearance.

I declare that I have made full and true disclosure in the matter.

Date:

Signature:

* Indicate number of shares

Name:

Client Id:

Email Address:

Cell:

ANNEXURE 3
PRE- CLEARANCE ORDER

To,

Name: _____

Email Address:

Designation: _____

Client Id:

Place: _____

Cell:

This is to inform you that your request for dealing in _____ (no's) shares of the Company as mentioned in your application dated _____ is approved. Please note that the said transaction must be completed within 7 trading days from today.

In case you do not execute the approved transaction /deal within the aforesaid period you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the prescribed format within one day from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary. You shall not execute a contra trade within 6 months from the date of your present trade.

Yours faithfully,
For Ambica Agarbathies & Aroma Industries Limited

COMPLIANCE OFFICER

Date: _____

Encl: Format for submission of details of transaction

Details of change in securities held by immediate relatives:

Name, PAN No. & address of shareholder and relationship	No. of securities held before the transaction	Receipt of allotment advice/acquisition of/sale of securities	Nature of Transaction & Quantity			Trading Member through whom the trade was executed with SEBI Registration No. of TM	Exchange on which the trade was executed
			Purchase	Sale	Others		

I/We declare that I/We have complied with the requirement of the minimum holding period of six months with respect to the securities purchased/sold.

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Signature: _____

Name & Designation:

Client Id:

Email:

Cell:

ANNEXURE 5**REPORTING HOLDINGS AS AT THE END OF EVERY QUARTER***[Pursuant to Clause 8.7]*

To
 The Compliance Officer,
Ambica Agarbathies & Aroma Industries Limited
 Eluru

I, _____, in my capacity as _____ of the Company hereby submit the following details of securities held in the Company as on /OR as at 31st March/30th June/30th September/31st December,[year].

I. Details of securities held by me:

Type of Securities	No. of Securities held	Folio No	Beneficiary Client ID	A/c

II. Details of Immediate Relatives:

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, I hereby declare that I have the following immediate relatives:

Sr. No	Name of the Immediate Relatives	Relation with Designated Person	No. of Securities Held	Folio No.	Beneficiary A/c Client Id

Date:

Signature: _____

Name:
 Client Id:
 Email:
 Cell:

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (1) (a) read with Regulation 6 (2)]

Name of the Company : _____

ISIN of the Company : _____

Details of securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters / KMP / Directors / immediate relatives/others etc.)	Securities held as on the date of regulation coming into force		% of Share-holding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
		Type of security (For eg. - Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms
1	2	3	4	5	6		7	

Note : "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature :
Designation :
Date :
Place :

FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (2) read with Regulation 6 (2)]

Name of the Company : _____

ISIN of the Company : _____

Details of change in holding of Securities of Promoter, Employee or Director of a listed Company and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN & address of Promoter / Employee / Director with contact nos.	Category of Person (Promoters / KMP / Directors / immediate relatives/ others etc.)	Securities held prior to acquisition / disposal		Securities acquired / disposed		% of shareholding		Date of allotment advice / acquisition of shares / sale of shares specify		Date of intimation to Company	Mode of acquisition (market purchase/ public rights / preferential offer / off market / Inter-se transfer etc.)	Trading in derivatives (Specify type of contract, Futures or Options etc.)				Exchange on which the trade was executed
		Type of security (For eg. - Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For eg. - Shares, Warrants, Convertible Debentures etc.)	No.	Pre transaction	Post transaction	From	To			Buy		Sell		
												Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Note : "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature :
Designation :
Date :
Place :

**AMBICA AGARBATHIES & AROMA
INDUSTRIES LIMITED**

**POLICY AND PROCEDURE FOR INQUIRY IN CASE
OF LEAK OF UNPUBLISHED PRICE SENSITIVE
INFORMATION ("UPSI")**

[Under Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015]

(Effective from April 1, 2019)

1. Background

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 ("PIT Amendment Regulations") mandates every listed company to formulate a written **policy and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information** and initiate appropriate action on becoming aware of leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

In this regard, Board of Directors of Ambica Agarbathies & Aroma Industries Limited (AMBICAAGAR/ the Company) has laid down this policy for procedure of inquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information ('the policy'), for adoption.

2. Scope

To lay procedures for inquiry in case of leak/suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

3. Applicability

This Code shall be applicable with effect from April 1, 2019.

4. Definitions:

- i. "**Act**" means the Securities and Exchange Board of India Act, 1992.
- ii. "**Audit Committee**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Reg. 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. "**Board**" means the Securities and Exchange Board of India
- iv. "**Compliance Officer**" means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the SEBI regulations designated so and reporting to the Board of Directors 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 SEBI regulations or in these Codes under the overall supervision of the Board of Directors of the Company or the Head of the Organisation.

- v. **"Insider"** means any person, who is,
 - i. a connected person; or
 - ii. In possession of or having access to unpublished price sensitive information.
 - iii. in receipt of unpublished price sensitive information pursuant to a "legitimate purpose".
- vi. **"Regulations"** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- vii. **"Un-published Price Sensitive Information"** ("UPSI") shall mean 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 include but not restricted to, information relating to the following;
 - a) Periodical Financial Results of the Company;
 - b) Intended declaration of dividends (Interim and Final);
 - c) Change in capital structure
 - d) Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of Business and such other transactions;
 - e) Changes in Key Managerial Personnel;

5. Duties of Compliance Officer

The Compliance Officer shall be responsible to;

- (i) Oversee the Compliance of this policy.
- (ii) To co-ordinate with and disclose the relevant facts of the incident of actual or suspected leak of UPSI to the Audit committee.

6. Process of inquiry in case of leak of UPSI or suspected leak of UPSI

Inquiry under this policy shall commence based on a written complaint received from any employee, department of the Company, Registrar and Share Transfer Agent, designated person, Depository, Stock Exchange, Regional Director or any official thereof, Registrar of Companies or any official thereof, regulatory / statutory authority or any other department of Central or State Government.

The complaint shall inter alia state particulars of complainant and shall state the particulars of complaine. The complainant has the option of annexing such documentary evidence, as deemed reasonable.

The Complaint shall be addressed to the Audit committee/chairman of Audit committee.

If Audit committee deems fit may on receipt of representation proceed to investigate in the matter and for such purpose may consult such persons, whether internal or otherwise or obtain such external assistance or opinion, as the committee may deem expedient in this regard. During the course of such investigation, the committee may also call for such additional documents, representations, etc. as committee may deem fit.

On completion of investigation the Audit Committee shall consider the matter and put forward its recommendation to the Board. The Board, on receipt of such recommendation and after due review, if forms an opinion that the complaine is guilty of leak of UPSI or suspected leak of UPSI, then it will order for necessary disciplinary proceedings.

7. Amendment

The Board of Directors of the Company, in line with applicable laws, rules & regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire Policy with a new Policy.

In any circumstance, where the terms of this Policy differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over this Policy.

This Policy and any subsequent amendment(s) thereto, shall be promptly intimated to the Stock Exchanges, if required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Prohibition of Insider Trading) Regulations, 2015 and any amendment, re-amendment or re-enactment thereto.
