



BABA ARTS LIMITED

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**CODE OF PRACTICES & PROCEDURES
FOR**

**FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION
ADOPTED BY THE BOARD OF DIRECTORS ON 27TH MARCH, 2019**

EFFECTIVE FROM 1ST APRIL, 2019

For BABA ARTS LIMITED

A handwritten signature in black ink, appearing to be "S. S. S.", written over a horizontal line.

Company Secretary

BABA ARTS LIMITED

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

I. INTRODUCTION

This Code shall be known as "Baba Arts Limited-Code of Practices and procedures for fair Disclosure of Unpublished Price Sensitive Information".

Code of Practices and procedures for fair Disclosure of Unpublished Price Sensitive Information was initially formulated by Baba Arts Limited (hereinafter referred to as "Company") in pursuance of Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") with effect from May 15, 2015.

The Securities and Exchange Board of India issued Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 on 31st December, 2018 to come in to force from April 01, 2019.

In pursuance of the amendments in the Regulations, this revised Baba Arts Limited-Code of Practices and procedures for fair Disclosure of Unpublished Price Sensitive Information" has been approved by the Board of Directors of the Company, effective from April 1, 2019.

It is mandatory in terms of the Regulations for every listed company/entity to formulate a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and there shall be a included a policy for determination of "Legitimate Purposes" as a part of the said code.

In order to comply with the mandatory requirement of the Regulations, it was necessary to revise the Code of Fair Disclosure for Baba Arts Limited (hereinafter referred to as 'the Company') for use by its Promoters, Directors, Officers, Employees, Connected Persons.

This document embodies the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to be adopted by the Company and followed by its Directors, Officers, Employees and Connected Persons . The Code seeks to ensure timely, fair and adequate disclosure of price sensitive information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's Securities.

II. CODE OF FAIR DISCLOSURE

The Board of Directors of Baba Arts Limited have always thrived to conduct its business in a fair and transparent manner with a view to protect the interest of all the stakeholders in the Company. Towards achieving this objective, the Company and the members of the Board, Officers, all employees and connected persons shall adhere to the following principles of fair disclosure of unpublished price sensitive information in letter as well as in spirit:

1. The Company shall ensure 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 Company shall ensure Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. The Company Secretary / Compliance Officer of the Company shall act as the Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. The Company will ensure that information shared with analysts and research personnel, if any, is not unpublished price sensitive information.
7. The Company shall develop and follow 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.

III. HANDLING OF ALL UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI)

1. All unpublished price sensitive information shall be handled on a need-to-know basis. No unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.
2. All disclosure/dissemination whatsoever of any information (except disclosure required to be made under any law or under this Code) on behalf of the Company shall be first marked to the Compliance Officer for approval. Any Information shall be made public or published on behalf of the Company only if the same is approved by the Compliance Officer. In case of doubt, the Compliance officer shall consult and seek approval of the Managing Director before dissemination of such information.
3. Should any dissemination of information on behalf of the Company takes place without prior approval referred above, out of accidental omission, by any employee or Director of the Company, such employee/Director shall forthwith inform the Compliance Officer about such Disclosure.

IV. DETERMINATION OF LEGITIMATE PURPOSE

"Legitimate Purpose" shall mean sharing of UPSI in the ordinary course of business or on a need to know basis. The Company may share the UPSI if required in the interest of the Company.

Legitimate Purpose shall inter alia include sharing of UPSI on need to know basis by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations.(Regulation 3(2A) and 3(2B)).



In following case which are illustrative in nature, sharing of UPSI would be considered as legitimate purpose:

1. For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognised by law;

Example: Any call for information or query received from Ministry of Corporate Affairs, Income Tax Authority, Securities and Exchange Board of India("SEBI"), Stock Exchanges, Reserve Bank of India, Sectoral Regulatory Body, etc.

2. Under any proceedings or pursuant to any order of courts or tribunals;

Example: National Company Law Tribunal, National Company Law Appellate Tribunal, Quasi-Judicial authority, Other Appellate Tribunals, Arbitration Proceedings, etc.

3. As part of compliance with applicable laws, regulations, rules and requirements;

Example: Company Law, Securities Law, Income Tax Law, Banking Law, etc.

4. Arising out of any contractual obligations or arrangement entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking.

Example: Due-diligence for any kind of restructuring, namely mergers & acquisitions, joint venture agreements, share purchase agreements, franchisee agreement, etc.

5. Arising out of business requirement including requirement for the purposes of promoting the business and strategies of business which may require sharing of information with Promoters and Promoters in turn with their Promoters on need to know basis

Example: Some of the examples which are illustrative in nature are as mentioned below:

- Sharing the relevant UPSI for advice, consultation, valuation, fund raising or other intermediation and approvals in relation to the subject matter of a proposed deal/ assignment/ tie-up/ venture/ fund raising;
- Sharing the relevant UPSI with intermediaries, fiduciaries, merchant bankers, advisors, lawyers, bankers, consultants, valuers, auditors, insolvency professionals, business support agents, transaction processing service providers in order to avail professional services from them;
- Sharing the relevant UPSI for advice, consultation, transaction support, intermediation and approvals on projects relating to enterprise transformation strategy, change management, analytics, re-organisation, operation improvement, technology and similar domains;
- Sharing the relevant UPSI with business partners essential to fulfil the terms and conditions of a business contract with a client, vendor, collaborator or lender;



- Sharing the relevant UPSI for advice, consultation, transaction support, intermediation and approvals in the process of evaluation of new products, business opportunities and new lines of business;
- Sharing the relevant UPSI for statutory consolidation requirements or related customary disclosure obligations;
- Sharing the relevant UPSI with persons engaged or involved in the processes leading to disclosure of events set out in Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of the Regulations and shall comply with the Code.

V. PROCESS FOR SHARING UPSI

The insider shall conduct the following steps while sharing UPSI:

- i) Satisfy that information is UPSI and sharing is for legitimate purpose
- ii) Identify the persons with whom the information is to be shared
- iii) Notify the recipient that UPSI is being shared and enter into a confidentially/ non-disclosure agreement.
- iv) Mode of sharing UPSI shall be either by an email (address directly to the insider without copying) or hard copy or any other electronic mode or device or provide access to the information, data, server with acknowledgement.
- v) Maintain names of the persons along with PAN (or any other identifier where PAN is not available) with whom information is shared. The database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. This database shall be kept confidential

VI. PROCESS OF INQUIRY IN CASE OF UPSI OR SUSPECTED LEAK OF UPSI

1. **inquiry under** this policy shall commence based on a written compliant 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.
2. The Complaint shall interalia state particulars of the complaine and details of the compliant. The Complainant has the option of annexing such documentary evidence, as deemed reasonable for the purpose of substantiating the Complaint lodged.
3. The Compliant shall be addressed to the Company or Board or Audit Committee or Chairman or Managing Director(MD) or Chief Executive Officer (CEO),by whatever name called.



4. Within 5 (Five) working days of the Complaint MD, shall write to the Complainee intimating the details of the complaint received and requesting him to give a written representation within 7(Seven) working days of receipt of Letter. If MD feels that the complaint has been lodged to secure needless publicity for defamatory matter which is detrimental to the interest of the Company then he will discard the Complaint with reasons recorded in writing.
5. Within 7(Seven) working days of receipt of representation, MD shall 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 he may deem expedient in this regard. During the course of such investigation, MD may call for such additional documents, representations, etc.. as he may deem fit.
6. If no representation is received within the aforesaid stipulated time, MD shall issue notice to the complainee asking him to show cause as to why the Company should not initiate disciplinary proceedings, as applicable, against him.
7. On completion of the preliminary investigation under Point 5, receipt of reply to the show cause notice issued under point 6 or on non-receipt thereof, MD shall refer the matter to the Chairman of the Audit Committee, alongwith his opinion, for his consideration.
8. Chairman of the Audit Committee on receipt of such opinion shall proceed to convene a meeting of the Audit Committee and shall actually convene the concerned meeting with a period of 45 days of receipt of opinion of MD.
9. 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 complainee is guilty of leak of UPSI or suspect leak of UPSI, then it will order for necessary disciplinary proceedings of the company, which will be in addition to the penal provisions stated under SEBI (Prohibition of Insider Trading (Amendment) Regulations, 2018) and any other statutory enactments, as applicable.
10. The Company suo moto reserves the right of initiating an enquiry under this policy against any designated person if it has reasons to believe that such person has leaked UPSI or suspected to leak UPSI.
11. This policy shall not in any way preclude any referrals, complaints, measures, actions, etc. which can be instituted or which are available under the existing Vigil Mechanism Policy of the Company
12. The word MD or CEO wherever referred in this policy shall mean and include head of the Company, whether occupying board position or not, by whatever name called.

VII. DIGITAL DATABASE OF RECEIPT OF UPSI:

The Company shall maintain a structured digital database containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other Identifier authorized by law where permanent Account Number is not available. The said databases shall have adequate internal controls and checks to ensure non-tempering of the database



VIII. SYSTEM AUDIT

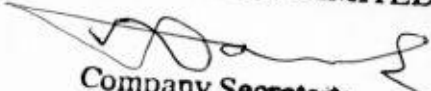
There should be periodic audit to ensure the integrity of the system and data maintained.

IX. POLICY AMENDMENT / REVIEW

- The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision and also replace this Policy entirely with a new Policy
- The Policy shall be reviewed periodically in accordance with review of internal control and check as well as changes or any regulatory requirements from time to time.
- Any words used in this Policy but not defined herein shall have the same meaning as described to it in the Companies Act, 2013 or Rules made there under, Securities & Exchange Board of India Act or Rules and Regulations made there under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 or any other relevant legislation/ law applicable to the Company, as amended from time to time.

In the events of inconsistency of this Policy with any legal provisions, the provisions of the law shall override this policy.

For BABA ARTS LIMITED


Company Secretary

