

## **MODEL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (hereinafter referred to as the "Regulations") has been amended in terms of which the Company is required to frame a Code of Conduct for Prevention of Insider Trading (hereinafter referred to as "Insider Code") by employees of the Company, including the Directors, in relation to the securities of the Company. This Regulation also prohibits the communication of any unpublished price sensitive information to any person except when required under law.

In line with the said Regulations, a Code of Conduct for prevention of insider trading (hereinafter referred to as the 'Code') is being produced as below:

For the purpose of the Code:

- a) **Securities** shall include shares of the Company.
- b) **Designated Employees** shall cover:
  - (i) officers comprising below the Board level i.e. above Assistant Vice President and their staffs, based at the Registered Office, Corporate Office, Liaison Offices and Regional Offices,
  - (ii) all employees in the Secretarial and Legal Department and Surveillance Dept.
  - (iii) such other employees who may be so designated from time to time by the Company for the purpose of this Code and who may be able to have access to any 'Price Sensitive Information'.

<b>Division</b>	<b>Grade/Designation</b>
Mr. Raghavendra T K	Chief Executive Officer
Mr. Pramod G Jain	Whole time Director
Mr. P Prakash	Vice President-Accounts
Mr. Ganpathi V Hegde	Asst. Vice President-Accounts
Mr. Vishal Solanki	Compliance Officer
Mrs. Niveditha N	Officer Secretarial
Mr. Sajji K Raghavan	Asst. Vice President -C&S
Mr. A S Rajashekhar	Asst. Vice President-Depository Participant/Surveillance

Mr. Nagesh Rao R	Asst. Vice President-RTA
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**Compliance Officer** means Company Secretary of the Company or any other person authorized by the Board for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive.

c) **Unpublished Price Sensitive Information** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which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
- (vi) material events in accordance with the listing agreement.

#### 1. **Responsibilities and Duties of Compliance Officer:**

The Compliance Officer shall

- i) be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information, pre-clearing of designated employees' and their dependents' trades, monitoring of trades and the implementation of this Code under the overall supervision of the Board of Directors of the Company;
- ii) maintain record of the designated employees and any changes made in the list of designated employees;
- iii) The Compliance Officer shall also assist all the employees/directors in addressing any clarifications regarding SEBI (Prohibition of Insider Trading) Regulations, 1992 and the organization's code of conduct.

#### 2. **Preservation of Unpublished Price Sensitive Information:**

- a) All directors/ officers/ designated employees shall maintain the confidentiality of all Unpublished Price Sensitive Information. They shall neither deal in the securities of the Company on the basis of Unpublished Price Sensitive Information nor pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company.
- b) Unpublished Price Sensitive Information is to be handled on a "need to know" basis. It 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.

- c) There shall be limited access to confidential information and price sensitive information. Files containing confidential and price sensitive information shall be kept secured and computer files containing these information should be protected with the help of login and passwords, etc.
- d) Unpublished Price Sensitive Information directly received by any director/officer/ designated employee should immediately be reported to the Compliance Officer.

### **3. Chinese Wall:**

- a) To prevent the misuse of confidential information the organization shall adopt a "Chinese Wall" policy which separates those areas of the organization which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale/marketing/investment advise or other departments providing support services, considered "public areas".
- b) The employees in the inside area shall not communicate any Price Sensitive Information to any one in public area.
- c) The employees in inside area may be physically segregated from employees in public area.
- d) Demarcation of the various departments as inside area may be implemented by the organization.
- e) In exceptional circumstances employees from the public 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.

### **4. Prevention of misuse of Price Sensitive Information:**

Employees/directors shall not use Price Sensitive Information to buy or sell securities of any sort, whether for their own account, their relative's account, organization's account or a client's account. The following trading restrictions shall apply for trading in securities.

#### **A. Pre-clearance of trades:**

- All directors/officers/designated employees of the organization who intend to deal in the securities of the client company (above a minimum threshold limit to be determined by the organization) shall pre-clear the transactions as per the pre dealing procedure as described hereunder.
- An application may be made in such form as the organization may specify in 56[this] regard, to the Compliance Officer indicating the name and estimated number of securities that the designated employees/director/partner 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 any rule made by the organization this behalf.

- An undertaking shall be executed in favour of the organization by such designated employee/directors incorporating, *inter alia*, the following clauses, as may be applicable:

(i) That the designated employee/director does not have any access or has not received any "Price Sensitive Information" up to the time of signing the undertaking.

(ii) That in case the designated employee/director has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the client company till the time such information becomes public.

(iii) That he/she has not contravened the code of conduct for prevention of insider trading as specified by the organization from time to time.

(iv) That he/she has made a full and true disclosure in the matter.

#### **5. Restricted/Grey list:**

- In order to monitor Chinese wall procedures and trading in client securities based on inside information, the organization shall restrict trading in certain securities and designate such list as restricted/grey list.
- Security of a listed company shall be put on the restricted/grey list if the organization is handling any assignment for the listed company or is preparing appraisal report or is handling credit rating assignment and is privy to Price Sensitive Information.
- Any security which is being purchased or sold or is being considered for purchase or sale by the organization on behalf of its clients/schemes of mutual funds, etc. shall be put on the restricted/grey list.
- As the restricted list itself is highly confidential information it shall not be communicated directly, or indirectly to anyone outside the organization. The Restricted List shall be maintained by Compliance Officer.
- When any securities are on the Restricted List-trading in these securities by designated employees/directors/partners may be blocked or may be disallowed at the time of pre-clearance.

#### **6. Other restrictions:**

- All directors/designated employees shall execute their order within one week after the approval of pre-clearance is given. If the order is not executed within one week after approval is given the employee/director must pre clear the transaction again.
- All directors/officers/designated employees shall hold their investments for a minimum period of 30 days in order to be considered as being held for investment purposes.
- The holding period shall also apply to purchases in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.
- In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his/her reasons in this regard.
- Analysts, if any, employed with the organization while preparing research reports of a client company(s) shall disclose their shareholdings/interest in such company(s) to the Compliance Officer.
- Analysts who prepare research report of a listed company shall not trade in securities of that company for thirty days from preparation of such report.

#### **7. Reporting Requirements for transactions in securities:**

- All directors/designated employees of the organization shall be required to forward following details of their securities transactions including the statement of dependent family members (as defined by the organization) to the Compliance Officer:—

(a) all holdings in securities by directors/officers/designated employees at the time of joining the organization;

(b) periodic statement of any transactions in securities (the periodicity of reporting may be defined by the firm or organization. The organization may also be free to decide whether reporting is required for trades where pre-clearance is also required;

(c) annual statement of all holdings in securities.

- The Compliance Officer shall maintain records of all the declarations given by the directors/designated employees/partners in the appropriate form for a minimum period of three years.
- The Compliance Officer shall place before the Chief Executive Officer/Chief Operating Officer/Partner or a committee notified by the organization, on a monthly basis all the details of the dealing in the securities by designated

employees/directors/partners of the organization and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

**8. RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS:**

- 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.
- No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:—
  - a) 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;
  - b) 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.

**9. Trading when in possession of unpublished price sensitive information:**

- No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:  
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 promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation and both parties had made a conscious and informed trade decision;

(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 these 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;

**10. Penalty for contravention of code of conduct:**

- Any employee/director who trades in securities or communicates any information or counsels any person trading in securities, in contravention of the code of conduct may be penalized and appropriate action may be taken by the organization.
- Employees/directors of the organization who violate the code of conduct may also be subject to disciplinary action by the company, which may include wage freeze, suspension, etc.
- The action by the organization shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**11. Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations**

In case it is observed by the organization/compliance officer that there has been a violation of these Regulations, SEBI shall be informed by the organization.