



## **KDDL-CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS AND IMMEDIATE RELATIVES OF DESIGNATED PERSONS**

*(Pursuant to Securities Exchange Board of India, (Prohibition of Insider Trading) Regulations, 2015)*

### **PREAMBLE**

SEBI notified new Regulations for prohibition of Insider Trading, viz., SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations"), effective from May 15, 2015. The new Code is applicable to all listed entities and the Code should be adopted by the respective Companies (entities) and Code should conform to the Minimum Standards for Code of Conduct to regulate, monitor and report Trading by Insiders as set out in Schedule B of the Regulations.

Accordingly, the Board of Directors of the Company by circular resolution passed on May 15, 2015 have approved and adopted the Code.

Subsequently, in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company's Code of Conduct to Regulate, Monitor and Report Trading by Insiders stands amended and will henceforth be called Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons ("the Code").

### **OBJECTIVE OF THE CODE**

This Code of Conduct ("Code") is intended to prevent misuse of Unpublished Price Sensitive Information ("UPSI") by Designated Persons and their immediate relatives. .

### **I. DEFINITIONS**

- a) "**Act**" means the Securities and Exchange Board of India Act, 1992.
- b) "**Board**" means the Board of Directors of the Company.
- c) "**Company**" means KDDL Limited.
- d) "**Compliance Officer**" means the Company Secretary of the Company, who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of trades and implementation of the code under overall supervision of the Board.
- e) "**Connected Person**" means,-
  - (i) any person who is or has during the 6 months prior to the concerned Act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with the officer/ Employees 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/herself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to UPSI or is reasonably expected to allow such access.
  - (ii) In addition to the above, the following category of persons shall be deemed to be Connected Persons unless the contrary is established:
    - i. an Immediate Relative of Connected Persons specified in clause (i); or
    - ii. a holding company or associate company or subsidiary company (*List of Companies attached – as Annexure-1*); or the senior designated employee's of the above companies

- iii. an intermediary as specified in section 12 of the Act or an employee or director thereof; or
  - iv. an investment company, trustee company, asset management company or an employee or director thereof; or
  - v. an official of a stock exchange or of clearing house or corporation; or
  - vi. 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
  - vii. a member of the board or an employee, of a public financial institution as defined in section 2 (72) of the Act; or
  - viii. an official or an employee of a self-regulatory organization recognised or authorized by the board; or
  - ix. a banker of the company; or
  - x. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his Immediate Relative or banker of the company, has more than 10% of the holding or interest.
- f) **“Employee”** means every Employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- g) **“Designated Person”** of the Company shall mean and include Employees and Connected Persons designated on the basis of their functional role (designated persons) of the Company and Material Subsidiaries who shall be governed by an internal code of conduct governing dealing in securities. The Board shall, in consultation with the Compliance Officer specify the Designated Persons to be covered by such code on the basis of their role and function in the Company. Due regard shall be had to the access that such role and function would provide to UPSI in addition to seniority and professional designation.

Designated person to include:

- All Directors of the Company.
  - All Promoters or Promoter Group.
  - Key Managerial Personnel (KMPs) of the Company.
  - Corporate Functional Heads of the Company and its Material Subsidiary.
  - All Employees at Lead Managerial Level and above and its Material Subsidiary (As per grade structure of the company).
  - Direct Two Level Reportees of CEO to the extent not covered elsewhere.
  - One Level below of Business Heads, Corporate Functional Heads and Unit Heads of the Company and its Material Subsidiary.
  - All employees of Corporate IT, Secretarial and Accounts & Finance Department of the Company.
  - Lenders, Advisors, consultants, customers, suppliers, merchant bankers, legal advisors, auditors as may be specified by the Board of Directors from time to time
  - Immediate Relatives of the Designated Persons.
- h) **“Derivative”** “ includes—
- (i) a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security;
  - (ii) a contract which derives its value from the prices, or index of prices, of underlying securities
- i) **“Director”** means and includes every Director on the Board of the Company.
- j) **“Generally Available Information”** means information that is accessible to the public on a

non-discriminatory basis. Information published on the website of a stock exchange, would ordinarily be considered generally available.

k) **“Immediate Relative”** means:

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.

l) **“Insider”** means any person who is:

- i. a Connected Person; or
- ii. in possession of or having access to UPSI.

Further, any person in receipt of unpublished price sensitive information pursuant to a Legitimate Purpose shall be considered as “Insider” for the purpose of these regulations.

m) **“Key Managerial Personnel”** shall include the following personnel:

- Managing Director, Manager or Chief Executive Officer;
- Company Secretary
- Whole-time Director; and
- Chief Financial Officer.

n) **“Listing Agreement”** means the Agreement prescribed by the SEBI.

o) **“Non- Trading Period”** means:

(i) the period, i.e., the number of working days, before and after the date of a meeting of the Board or shareholders of the Company where ‘UPSI’ (as defined in point (z) below) is to be considered as provided under Clause VI of the Code; or

(ii) Such other period(s) as may be decided and notified by the Compliance Officer.

p) **“Promoter”** means a person defined as a Promoter under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

q) "promoter group" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;]

r) **“Securities Exchange Board of India”** means the regulatory body for the investment market in India, constituted under the resolution of the Government of India in the Department of Economic Affairs.

s) **“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.

t) **“Specified”** means specified by SEBI in writing.

u) **“Stock Exchanges”** shall include BSE Limited (BSE) where the Securities of the Company are currently listed.

v) **“Takeover Regulations”** means the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.

w) **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities and "trade" shall be construed accordingly.

x) **“Trading Day”** means a day on which the recognized stock exchanges are open for Trading.

y) **“Trading Plan”** shall mean a plan for trades to be executed in the future by persons who

have perpetual access to the UPSI.

- z) **"Trading Window"** shall mean the window available for Trading in the securities of the Company.
- aa) **"Unpublished Price Sensitive Information"** means any information, relating to the 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: –
- (i) Financial results;
  - (ii) Dividends;
  - (iii) Change in capital structure;
  - (iv) Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
  - (v) Changes in Key Managerial Personnel;

*Note* : Words and expressions used and not defined in the code 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.

## II. TRADING BY INSIDERS – COMMUNICATION/RESTRICTIONS/EXEMPTIONS

### 3.1 Communication of UPSI:

- 3.1.1 No Insider shall communicate, provide or allow access to UPSI, relating to the Company or its 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.
- 3.1.2 No person shall procure from or cause the communication by any Insider of UPSI, relating to the Company or its Securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 3.1.3 The 'Policy for determination of legitimate purposes' has been framed by the Company and forms part of "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information".
- 3.1.4 The Insiders who are in possession of UPSI are required to handle such information with care and to deal with the information with them when transacting their business strictly on a need- to-know basis.

### 3.1.5 Chinese Wall

(a) In order to prevent the misuse of confidential information, the Company has laid down Chinese Walls procedures which separate those areas of the Company that routinely have access to confidential information, considered "inside areas" from those which deal with sale/marketing/HR or other departments providing support services, considered "public areas".

(b) The employees in the inside area shall not communicate any Unpublished Price Sensitive Information to anyone in public area.

(c) The Company shall have process of maintaining securely, computer files containing confidential information and physical storage of documents relating to UPSI.

(d) All the unpublished price sensitive information is to be handled on "need to know basis", i.e., 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. All the non-public information directly received by any employee should immediately be reported to the head of the

department. 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.

### **3.2 Exemptions to communicate the UPSI:**

UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would :

- 3.2.1 Entail an obligation to make an Open Offer as per the SEBI Takeover Regulations where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interest of the Company.
- 3.2.2 Not attract the obligation to make an open offer as per the SEBI Takeover Regulations, but where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interest of the Company. If the information that constitutes UPSI 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 may determine to be adequate and fair to cover all relevant and material facts. However the Board would cause public disclosures of such UPSI well before the proposed transaction to rule out any information asymmetry in the market.
- 3.2.3 For the purpose of aforementioned exemptions, the parties involved, shall execute agreements to contract confidentiality and non-disclosure obligations on the part of 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 UPSI.
- 3.2.4 The board of directors shall ensure that a structured digital database is maintained 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. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database

## **4 COMPLIANCE OFFICER**

4.1 The Company has appointed the Company Secretary as the Compliance Officer who shall report to the Board and shall provide reports to the Chairman of the Audit Committee at such frequency as may be stipulated by the Board ( but not less than once in a year)

4.2 The Compliance Officer shall prior to approving any trade, be entitled to seek declaration to the effect that the applicant for pre-clearance is not in possession of any UPSI. He/she shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

### **4.3 Trading Plan:**

- 4.3.1 An insider shall be entitled to formulate a Trading Plan 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.
- 4.3.2 Trading shall be commenced only after six months from the public disclosure of the Trading Plan.
- 4.3.3 The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violation of the Regulation.

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

- 4.3.4 The Compliance Officer shall have the right to seek express undertakings to enable assessment of the Trading Plan and approve the same.
- 4.3.5 The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily implement without any deviation.
- 4.3.6 The Securities outside the scope of Trading Plan shall not be dealt with by the Insiders.
- 4.3.7 The implementation of the Trading Plan shall not be commenced if any UPSI 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. In such event, the Compliance Officer shall confirm that the commencement ought to be deferred until such UPSI becomes Generally Available Information.
- 4.3.8 The Trading Plan shall not overlap any period for which another trading plan is already in execution.
- 4.3.9 The Trading Plan shall state the following:
- Value of trade / number of securities;
  - Nature of trade;
  - Intervals / dates of effecting such trades
- 4.3.10 The Trading Plan shall not entail Trading in Securities for market abuse.
- 4.3.11 The Trading Plan shall 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 issuer of the securities and the second trading day after the disclosure of such financial results.
- 4.3.12 The Trading Plan shall entail trading for a period of not less than twelve months.

#### **4.4 Disclosure of Trading Plan:**

- 4.4.1 Upon approval of the Trading Plan, the Compliance Officer shall notify the Trading Plan to the Stock Exchanges.

#### **4.5 Pre- Clearance of Trade:**

- 4.5.1 All Designated Persons shall when the Trading Window is open, trade only subject to pre- clearance by the Compliance Officer, by sending the request for approval in Form No. I. No Designated Person shall apply for pre- clearance of any proposed trade if such Designated Person is in possession of UPSI even if the Trading Window is not closed.
- 4.5.2 The Compliance Officer shall have the authority to ask for further information, if deemed necessary and it shall be obligatory for the Designated Person to immediately furnish the information sought for by the Compliance Officer.
- 4.5.3 The Pre-Clearance shall not be necessary if the number of shares to be traded is less than 1000 (One Thousand) shares in a single transaction or Rs 5.00 (Five) lacs in value whichever is less subject to the overall limit specified in clause 7.3. (i.e. Total trades during the calendar quarter do not exceeds Rs 10,00,000/- or such other value as may be specified)
- 4.5.4 Prior to approving any trade, the Compliance Officer shall be entitled to seek declaration to the effect that the applicant for pre-clearance is not in possession of any UPSI. He/she shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

4.5.5 The trades that have been pre-cleared (**Form-2**) shall be executed in not more than seven Trading Days by the Designated Person, failing which fresh pre-clearance would be needed for the trades to be executed.

4.5.6 Designated Persons who have obtained the pre- clearance are required to submit a report of the transactions done (including a NIL report, if no transaction is done) within seven days from the expiry of the specified time period to Compliance Officer in form and manner as specified in **Form -3** of the Code. .

#### **4.6 Other Restrictions:**

4.6.1 All Designated Persons who buy or sell Securities of the Company shall not enter into an opposite transaction (contra trade) i.e. sell or buy the Securities during the six months period post the previous buy or sell.

4.6.2 The Compliance Officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing, provided that such relaxation does not violate the Regulation.

4.6.3 If an opposite transaction (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 SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act. Provided that restriction of contra trade will not be applicable for trades pursuant to exercise of Stock Options.

4.6.4 All Designated Persons shall disclose the name, permanent account number or any other identifier authorized by law, phone, mobile and cell numbers of immediate relatives and persons with whom designated persons shares a material financial relationship, on an annual basis and when the information changes in form (No.4).

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.

Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

## **5 TRADING OF SECURITIES OF THE COMPANY**

### **5.1 Trading while in possession of UPSI:**

5.1.1 No Insider shall trade in securities ( listed or proposed to be listed) of the Company when in possession of UPSI.

Explanation –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/her 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 UPSI without being in breach of restrictions imposed on communication and Trading by Insiders and both parties had made a conscious and informed trade decision.

Provided that such unpublished price sensitive information was not obtained under sub-

regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every 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) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

(iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

(iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.]

(v) In case of non- individual Insiders :

- a. The individuals who were in possession of such UPSI were different from the individuals taking Trading decisions and such decision-making individuals were not in possession of such UPSI when they took the decision to trade; and
  - b. Appropriate and adequate arrangements were in place to ensure that the Regulation is not violated and no UPSI 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.
- The trades were pursuant to a Trading Plan set up in accordance with the Regulation/Code.

5.1.2 In the case of Connected Persons the onus of establishing, that they were not in possession of UPSI, shall be on such Connected Persons and in other cases, the onus would be on SEBI.

5.1.3 SEBI may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of the Regulation.

## **6 NON- TRADING PERIOD**

**6.1** The Company shall specify a period, to be called "Non-Trading Period", for Trading in the Company's Securities. Any other period shall be Trading Period for the purpose of this Code. Designated Persons, Key Managerial Persons (KMP) and their Immediate Relatives shall not trade in Company's Securities during the Non -Trading Period.

**6.2** The Compliance Officer shall by way of e- mail, communicate the date of Board Meeting to the Designated Persons/KMP. It shall be the onus of the Designated Persons/KMPs to communicate the Non- Trading Period to their Immediate Relatives.

**6.3** The following shall be deemed to be UPSI

- Financial results;
- Dividends;
- Change in capital structure; mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- Changes in Key Managerial Personnel; and

The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information.

*In case of announcement of financial results*, trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results. .

In case the Company takes up for consideration any of the items pertaining to clause 6.3 or other item that has material impact on the price of the securities of the Company, the same shall be intimated to the Designated Persons/KMP and Insiders (as applicable) that such event(s) shall be considered for the ascertainment of non - trading period.

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.

#### **6.4 Special Non – Trading Period for certain Employees**

Since special events which give rise to event based Non- Trading Period, may require certain pre-work involving certain Employees concerned, such Employees may be subject to an additional Non- Trading Period, commencing when they are assigned the required pre-work responsibility. This would be notified to the Employees concerned and this additional Non-Trading Period would apply only to the Employees concerned and the management personnel involved in the decision. Such Employees/management personnel are required not to disclose the fact of the special Non-Trading Period to others; so that Employees are generally not made aware that some special event is under consideration.

6.5 The timing for re-opening of the Trading Window shall be determined by the Compliance Officer taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than 48 hours after the information becomes Generally Available.

6.6 All Designated Persons/KMP of the Company shall conduct all their dealings in Securities only during the Trading Period and shall not deal in any transaction involving the purchase or sale of Securities during the Non – Trading Period, as referred above or during any other period as may be specified by the Company from time to time.

6.7 In case of ESOPs, the exercise of an option may be allowed during the Non- Trading Period. However, sale of Securities allotted on the exercise of ESOPs shall not be allowed during Non-Trading Period.

### **7 DISCLOSURES OF TRADING BY INSIDERS**

#### **7.1 General provisions:**

- 7.1.1 Every public disclosure under this Clause shall be made in such form as may be specified by SEBI from time to time.
- 7.1.2 The disclosures to be made by any person shall include those relating to Trading by such person, Immediate Relatives, and by any other person for whom such person takes Trading decisions.
- 7.1.3 The disclosures of trading in securities shall also include trading in derivatives of Securities and the traded value of the Derivatives shall be taken into account for the purposes of arriving at the value of trade, subject to trading of such Derivatives is permitted by any law for the time being in force.

#### **7.2 Disclosure by certain persons:**

- 7.2.1 Every Promoter, member of promoter group, Key Managerial Personnel, Director of the Company shall disclose his/her holding of Securities of the Company as on the date of the Regulation taking effect i.e. May 15, 2015 or such other date(s) as may be notified by SEBI, to the Company within 30 days of the Regulation taking effect

on Form A.

7.2.2 Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter or member of promoter group shall disclose his/her holding of Securities of the Company as on the date of appointment or becoming a Promoter, to the Company within 7 days of such appointment or becoming a Promoter on Form B.

7.2.3 Company, at its discretion shall 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 the Regulations on Form D.

### **7.3 Continual Disclosure:**

Every Promoter, member of promoter group, Director, KMP or Designated person of the Company shall disclose to the Company on Form C;

- 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 Rs. 10,00,000 (Rs Ten Lacs) or such other value as may be specified.

It is hereby clarified that all transactions/trades after the threshold limit of Rs 10,000,00.00 (Rs Ten Lacs) is exceeded during any time in a year, will require pre- clearance even for smaller trades.

### **7.4 Disclosure by the Company:**

Company shall notify the particulars of such Trading (mentioned in Clause 7.3 above) to the Stock Exchanges within two Trading Days of receipt of the disclosure or from becoming aware of such information.

#### **Awareness**

The Company is having a process for how and when people are brought 'inside' on sensitive transactions. Individuals/Employees shall be made aware by the respective department head, of its duties and responsibilities attached to the receipt of inside information and the liability that attaches to misuse or unwarranted use of such information.

## **8 Mechanism for prevention of Insider Trading**

(I) The Chairman & Managing Director of the Company is authorized to put in place an adequate and effective system of internal controls to ensure compliance with the requirements given in the PIT regulations and the Code to prevent insider trading, including following:

- a) Identification of designated employees who have access to unpublished price sensitive information;
- b) Identification of all the unpublished price sensitive information and ensuring its confidentiality;
- c) putting restrictions on communication or procurement of unpublished price sensitive information;
- d) maintaining lists of all employees and other persons with whom unpublished price sensitive information is shared and signing of confidentiality agreements or serving of notice to all such employees and persons in accordance with the SEBI Insider Regulations;
- e) compliance of all other relevant requirements specified under the regulations or the Code;
- f) periodic process review to evaluate effectiveness of internal controls.

(II) At the end of each financial year, the Chairman & Managing Director of the Company will furnish a certificate to the Audit Committee and the Board with respect to the adequacy of the internal processes and controls in this regard.

(III) Inquiry in case of leak or suspected leak of unpublished price sensitive information (UPSI) will be governed by Whistle Blower Policy.

## **9 PENALTY FOR CONTRAVENTION OF THE CODE**

9.1 Any Employee who trades in Securities or communicates any information for Trading in Securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

9.2 Employees of the Company who violate this Code shall also be subject to disciplinary action by the Company, which may include monetary fine, wage freeze, suspension, recovery, clawback ineligibility for future participation in ESOP, etc. at the sole discretion of the Company.

9.3 The penalty provisions for violation or non - compliance of the Code are given in **Annexure III**. The action taken by the Company in terms of the penalty provisions shall not preclude SEBI from taking any action in case of violation of the Regulation.

## **10 INFORMATION TO SEBI IN CASE OF VIOLATION AND CONSEQUENCES OF DEFAULT UNDER SEBI REGULATIONS**

10.1 In case it is observed by the Compliance Officer that there has been a violation of this Code by any person, then the violation shall be informed by the Compliance Officer to the Board promptly.

10.2 Under Section 15G of the SEBI Act, 1992, any Insider who indulges in Insider Trading in contravention of regulation 3 of the Regulation, is liable to a penalty of upto Rs. 25 Crore or three times the amount of profits made out of Insider Trading whichever is higher (or such amount as may be amended from time to time by SEBI) that may be imposed by SEBI.

## **11 REPORTING**

The Compliance Officer will submit a report to the Chairman of Audit Committee, instances of violation of the Code or the Regulation by any person and on the disclosures, Trading Plans and pre-clearances approved and rejected on the basis of information furnished at a frequency as may be stipulated by the Board (*but not less than once in year*).

## **12 AMENDMENT**

The Board of the Company reserves its right to amend or modify this Code in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the concerned unless the same is notified in writing.

## **13 CONCLUSION**

All Designated Persons are advised to familiarize themselves with the SEBI Regulations and comply with the same, as well as with this Code; both in letter and in spirit. Designated Persons are also advised to ensure compliance by their Immediate Relatives.

For any assistance or clarifications, kindly contact the Compliance Officer of the Company at investor.complaints@kddl.com or at the following address Compliance Officer, KDDL Limited, Kamla Centre, SCO – 88 – 89, Sector – 8 C, Chandigarh – 160 009, India.

**LIST OF OTHER COMPANIES- HOLDING, SUBSIDIARIES AND ASSOCIATES TO WHOM THE CODE SHALL BE APPLICABLE\***

<b>S.No</b>	<b>Name of the Company</b>	<b>Nature of interest in Other Companies</b>
1	Ethos Limited	Subsidiary Company
2.	Satva Jewellery and Design Limited	Joint Venture Company
3.	Mahen Distribution Limited	Subsidiary Company
4.	Pylania, S.A.*	Subsidiary Company
5.	Kamla International Holding, S.A.*	Subsidiary Company
6.	Kamla Tesio Dials Limited	Associate Company
7	Estima AG *	Subsidiary Company
8	Cognition Digital LLP	Subsidiary Company

\* Overseas Companies

Note:

- Associate Companies are those in which KDDL Limited has significant influence i.e. control of at least 20% of the total share capital, but which is not a subsidiary company.
- Subsidiary Companies are those in which KDDL Limited has control of more than 51% of the total share capital of the Company.

*\* Any changes to the above list of the Companies will be communicated / updated as and when necessary/required.*

## Annexure II to the Code

### MATERIAL EVENTS AS PER CLAUSE 36 OF THE LISTING AGREEMENT - UPSI

In addition to what is defined in sub- clause (w) of Clause II of the Code, the following shall be regarded as UPSI:

- a) **Strikes, lock-outs, closure on account of power cuts**, etc.
- b) **Change in the general character or nature of business:** Any material change in the general character or nature of its business where such change is brought about by the Company entering into or proposing to enter into any arrangement for technical, manufacturing, marketing or financial tie-up or by reason of the Company, selling or disposing of or agreeing to sell or dispose of any unit or division or by the Company, enlarging, restricting or closing the operations of any unit or division or proposing to enlarge, restrict or close the operations of any unit or division or otherwise.
- c) **Disruption of operations due to natural calamity:** Any natural calamity like earthquake, flood or fire disruptive of the operation of any one or more units of the Company.
- d) **Commencement of Commercial Production/Commercial Operations:** Commencement of commercial/production or the commencement of commercial operations of any unit/division where revenue from the unit/division for a full year of production or operations is estimated to be not less than 10% of the revenues of the Company for the year.
- e) **Developments with respect to pricing/realisation arising out of change in the regulatory framework.** Pricing of/realisation on goods or services (which are subject to price or distribution control/restriction by the Government or other statutory authorities, whether by way of quota, fixed rate of return, or otherwise) arising out of modification or change in Government's or other authority's policies provided the change can reasonable be expected to have a material impact on its present or future operations or its profitability.
- f) **Litigation/dispute with a material impact:** Developments with respect to any dispute in conciliation proceedings, litigation, assessment, adjudication or arbitration to which it is a party or the outcome of which can reasonably be expected to have a material impact on its present or future operations or its profitability or financials.
- g) **Revision in Ratings:** Rating or revision in rating assigned to any debt or equity instrument of the Company or to any fixed deposit programme or to any scheme or proposal of the Company involving mobilisation of funds whether in India or abroad provided the rating so assigned has been quoted, referred to, reported, relied upon or otherwise used by or on behalf of the Company.
- h) Any other information having bearing on the operation/performance of the company as well as price sensitive information, which includes but not restricted to;
  - i. Issue of any class of securities.
  - ii. Acquisition, merger, de-merger, amalgamation, restructuring, scheme of arrangement, spin off or selling divisions of the company, etc.
  - iii. Change in market lot of the company's shares, sub-division of equity shares of company. Voluntary delisting by the company from the stock exchange(s).
  - iv. Forfeiture of shares.
  - v. Any action, which will result in alteration in, the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the company.
  - vi. Information regarding opening, closing of status of ADR, GDR, or any other class of securities to be issued abroad.
  - vii. Cancellation of dividend/rights/bonus, etc.

**PENALTY FOR CONTRAVENTION OF CODE OF INTERNAL PROCEDURES & CONDUCT FOR PREVENTION OF INSIDER TRADING OF THE COMPANY**

The Code requires Designated Persons and their Immediate Relatives to seek prior approval for any transaction in the Securities of the Company, report such transaction(s) and submit certain periodic reports and documentation. The Code also prohibits any transaction in Securities during Non-Trading Period. It is strongly recommended that the employees go through and strictly adhere to the Code and the SEBI (Prohibition of Insider Trading) Regulations.

The Code inter-alia requires:

1. Obtaining pre-clearance for certain transactions.
2. Reporting / declaring transactions in Securities of the Company within a stipulated time period.
3. Prohibition on trading in securities during Non-Trading Period.

**Penal provisions**

In terms of the Code, the Company will take appropriate disciplinary action against the defaulters for not complying with the Code. Please note that the following action shall be taken for any non-compliance with the code in addition to the actions that may be taken by SEBI or other authorities.

1.	<b>Not obtaining pre-clearance for trading (buying/selling) in the Securities*</b> First instance: Warning Second instance: A fine of upto 5% of the gross value of the transaction Third instance: A fine of upto 10% of the gross value of the transaction Fourth instance: Action as may be decided by the Board of Directors <i>(* this includes trading in Securities above the approved limits)</i>
2.	<b>Delay in reporting / declaring transactions (buy/sell) in the Securities within the stipulated time (including a 'nil' report):</b> First instance: Warning Second instance: A fine of Rs. 1,000/- per day of default upto the first 10 days of default Third instance: A fine of Rs. 2,000/- per day of default upto the first 10 days of default Fourth instance: Action as may be decided by the Board of Directors <i>Note: The amount of fine payable for any delay under this category beyond the first 10 days of default would be decided by the Board of Directors.</i>
3.	<b>Trading during non-trading period (when the trading window is closed)</b> First instance: Warning Second instance: A fine of 10% of the gross value of transaction Third instance: A fine of 20% of the gross value of transaction Fourth instance: Action as may be decided by the Board of Directors
4.	<b>Any other non-compliance with the Code:</b> Appropriate action as may be decided by Board of Directors.

The fine is payable to the Company and the modalities for paying the fine would be separately communicated by the Compliance Officer to the concerned person.

In case of any doubt or dispute with regard to the interpretation or applicability or otherwise of the provisions of the Code or related provisions, the decision of the Board of Directors shall be final.

In case the Board of Directors are required to review any transaction or impose penalties on one of its own members, the concerned member would excuse himself from the Board on that matter and not to participate in such proceedings.

The above process shall come into force with immediate effect.

**SPECIMEN OF APPLICATION FOR PRE-CLEARANCE OF TRADING IN SECURITIES**

Date:

To,

The Compliance Officer,  
**KDDL Ltd.**  
Plot No 3, Sector-III,  
Parwanoo - 173220,(H.P.)

**Subject: Application for Pre-Clearance approval in securities of the Company**

Dear Sir,

Pursuant to the SEBI (prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for Prevention of Insider Trading, I seek approval to purchase / sale / subscription of \_\_\_\_\_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 to securities
  - (c) Sale of securities
6. Proposed date of dealing in securities
7. Estimated number of securities proposed to be acquired/subscribed/sold
8. Whether the proposed transaction is in the name of Self or in the name  
Dependent Family Member
9. Name of the Dependent/relationship if the transaction is in the name of the dependent
10. Price at which the transaction is proposed
11. Current market price (as on date of application)
12. Whether the proposed transaction will be through stock exchange or off-market deal
13. Folio No. / DP ID / Client ID No. where the securities will be credited / debited

I enclose herewith the form of Undertaking signed by me.

Yours faithfully,

(Signature of Designated person/KMP)

Pan No.:

Address:

CIN/DIN No.:

Encl: Form of Undertaking

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE**

Date:

To,

The Compliance Officer,  
**KDDL Ltd.**  
Plot No 3, Sector-III,  
Parwanoo - 173220,(H.P.)

Dear Sir,

I, \_\_\_\_\_ (Name) \_\_\_\_\_ (Designation) 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 Conduct for prevention of Insider Trading (the Code) up to the time of signing 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 undertaking 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 or any regulations of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

I undertake to submit the necessary report within four days 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 days of the receipt of approval failing which I shall seek pre-clearance again.

I declare that I have made full and true disclosure in this regard to the best of my knowledge and belief.

Signature : \_\_\_\_\_

\* Indicate number of shares

(On letter head of the Company)

To,

Name : \_\_\_\_\_

Designation : \_\_\_\_\_

Place : \_\_\_\_\_

This is to inform you that your request for dealing in \_\_\_\_\_(nos) shares of the Company as mentioned in your application dated \_\_\_\_\_ is approved. Please note that the said transaction must be completed on or before \_\_\_\_\_(date) that is within 7 days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date 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 attached format within 4 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours truly,

**For KDDL Limited.**

**COMPLIANCE OFFICER**

Encl: Format for submission of details of transaction

**FORMAT FOR DISCLOSURE OF TRANSACTIONS***(To be submitted within 4 days of transaction / dealing in securities of the Company)*

To,

The Compliance Officer,  
**KDDL Ltd.**  
 Plot No 3, Sector-III,  
 Parwanoo - 173220, (H.P.)

Dear Sir,

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_\_ (date)

Name of holder	No. of securities dealt with	Bought/sold/subscribed	DP ID/Client ID / Folio No	Price (Rs.)

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 3 years and produce to the Compliance officer / SEBI any of the following documents:

1. Broker's contract note.
2. Proof of payment to/from brokers.
3. Extract of bank passbook/statement (to be submitted in case of demat transactions).
4. Copy of Delivery instruction slip (applicable in case of sale transaction).

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. *(applicable in case of purchase / subscription).*

**Form for Annual disclosure of details of Immediate Relatives and persons with whom designated persons shares a material financial relationship**

To,

The Compliance Officer,  
**KDDL Ltd.**  
 Plot No 3, Sector-III,  
 Parwanoo - 173220, (H.P.)

Dear Sir/ Madam,

With reference to above, I wish to inform you the details of my immediate relatives<sup>1</sup> and persons with whom I share a “material financial relationship”<sup>2</sup> as follows:

Sr.No	Name	Relation	Permanent Account No.	Phone and Mobile No.
1				
2				
3				
4				

That I hereby confirm that I abide by the provisions with regard to Code of practices and procedure for fair disclosure of unpublished price sensitive information

(Signature of the Designated Persons)

(Name)

Date

Note:

1. “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
2. The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/SEBI (Prohibition of Insider Trading) Regulations, 2015 have been contravened for effecting the above said transactions(s).

Date : \_\_\_\_\_

Signature : \_\_\_\_\_

Name :

Designation:

**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: \_\_\_\_\_

**Format for Initial Disclosure****by Existing Director/KMP/Designated Person/Promoter****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/imme diate relatives/others etc)	Securities held as on the date of regulation coming into force		% of Sharehold ing	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 B****Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (1) (b) read with Regulation 6(2)]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Format for Initial Disclosure****by Newly appointed Director/KMP/Designated  
Person/Promoter****Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company 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.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding	Open Interest of the Future contracts held at the time of becoming Promoter/appointme nt of Director/KMP		Open Interest of the Option Contracts held at the time of becoming Promoter/appointme nt of Director/KMP	
			Type of security (For eg. – Shares, Warrants, Convertible	No.		Number of units (contracts * lotsize)	Notional value in Rupee terms	Number of units (contracts * lotsize)	Notional value in Rupee terms
1	2	3	4	5	6	7		8	

*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:

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**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: \_\_\_\_\_

**Format for Continual Disclosure**

**by all Directors/KMP/Designated**

**Person/Promoter**

**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)	
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:

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**Form D (Indicative format)**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015  
Regulation 7(3) – Transactions by Other connected persons as identified by the company**

**Format for Disclosure  
by all Connected Person**

Name, PAN No., CIN/DIN & address of connected persons, as identified by the company with contact nos.	Connection with company)	Securities held prior to acquisition/disposal		Securities acquired/Disposed		% of shareholding		Date of allotment advice/ acquisition of shares/ sale of shares		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.*

Name:  
Signature:  
Date:  
Place:  
\*\*\*\*\*