

Code of conduct to regulate, monitor and report trading by Insiders

1. INTRODUCTION:

The Securities and Exchange Board of India ("SEBI") has, in pursuance of the powers conferred on it under the Securities and Exchange Board of India Act, 1992, notified SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations"), effective from May 15, 2015.

Regulation 9(1) of the Regulations requires every listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in the Regulations.

This policy has been adopted by the Company with effect from August 10, 2016.

2. OBJECTIVE:

This Policy is intended to prevent misuse of Unpublished Price Sensitive Information ("UPSI") by Insiders and Connected Persons.

3. DEFINITIONS:

A. "Board of Directors" or "Board"

Board of Directors or Board shall mean the Board of Directors of Hind Securities & Credits Limited, as constituted from time to time.

B. "Compliance Officer"

Compliance Officer means the Company Secretary of the Company.

C. "Connected Person"

- (i) Connected Person means any person who is or has during the six months prior to the concerned act been associated with a 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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access;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 investment company, trustee company, asset management company or an employee or director thereof; 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 recognized 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 a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest.

D. “Designated Person”

Designated Person means Connected Persons who are:

- i. Promoters of the Company;
- ii. Directors of the Company and its subsidiaries;
- iii. Key Managerial Person (KMP) named in the Organization Chart, as submitted to SEBI;
- iv. Any other Connected Person designated by the Company on the basis of their functional role;
- v. Immediate Relatives of I to IV above.

E. “Immediate Relative”

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.

F. “Insider”

Insider means any person who is:

- (i) a connected person;
- (ii) in possession of or having access to unpublished price sensitive information.

G. “Promoter”

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.

H. “Securities”

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.

I. “Trading”

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

J. “Financially Literate”

A person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

4. CODE:

The Company, in order to comply with the provisions, has made a code of internal procedures and conduct in line with the Regulations.

i. Reporting:

The Compliance Officer shall report to the Board of Directors (“Board”) and in particular, shall provide reports to the Chairman of the Board, at such frequency as may be stipulated by the Board.

ii. Information on a Need to Know basis and Chinese Wall procedures:

All information shall be handled within the organization on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider’s legitimate purposes, performance of duties or discharge of his/her legal obligations.

Directors / Employees/ Outsiders and others (who are identified from time to time) shall maintain confidentiality of all Price Sensitive Information and shall not pass such information to any person as a recommendation for purchase or sale of securities of the company.

The Price Sensitive Information should be made available on a ‘need to know’ basis, only where it is required for discharge of duties in the normal course.

iii. Designated Person:

The Company shall maintain a complete record of Designated Person. The Information shall be maintained in the record based on declarations received and shall include the name, address, designation, number of shares / voting rights held of the concerned employee / Director and of their dependent family members.

Any change in the list of Directors / Employees/ Outsiders and others (who are identified from time to time) dependent family members shall be update from time to time.

iv. Trading Window:

The Company shall specify a trading period to be known as “Trading Window”.

The Trading Window shall be closed to the insiders, employees, directors, outsiders and others (who are identified from time to time) during the period the Price Sensitive Information is un-published i.e., to say the Directors / Employees/ Outsiders and others (who are identified from time to time) shall not be permitted to trade in the securities of the company during such period. The Trading Window shall be opened only 48 hours after the Price Sensitive Information is published.

The company shall keep the Trading Window closed for minimum 7 days prior to the publication of the Price Sensitive Information at the time of

- (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.

v. Pre-clearance and trades:

When the trading window is open, trading or trading plans by designated persons shall be subject to pre-clearance by the Compliance Officer.

No designated person shall apply for pre-clearance of any proposed trading plans if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

The decision of the Compliance Officer on all applications for trading or trading plans shall be final. The Compliance officer shall take decision in the interest of the Company and as per the provisions of the Regulations.

vi. Declarations:

Prior to approving any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

vii. Pre-clearance:

Order in respect of securities shall be executed within seven (7) trading days after approval is granted by the Compliance Officer, failing which fresh pre-clearance would be needed for the trades to be executed.

viii. Contra Trade:

A designated person who is permitted to trade shall not execute a contra trade within a period of six (6) months following the prior transaction. Relaxation may be given from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations. In the event, any such 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.

ix. Disclosure Responsibilities & formats:

- a. Initial Disclosures of holdings every promoter, key managerial personnel and director of the Company shall disclose (Form A) his holding of securities of the Company as on the date of these Regulations taking effect, to the Company within thirty (30) days of these Regulations 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 (Form B) his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven (7) days of such appointment or becoming a promoter.
- c. Continual Disclosures of trades
Every promoter, employee and director of the Company shall disclose to the Company Form C the number of such securities acquired or disposed of within two (2) 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/- (Rupees Ten lakh) or such other value as may be specified; The Company shall within a period of two (2) working days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading.
- d. Other formats / disclosures, to monitor compliance with these Regulations would be as under–
 - Application-cum-undertaking for pre-clearance (Appendix-I)
 - Reporting of holdings in securities by Designated Persons as on 31 March, oo annual basis by 10 April (Form E)

x. Penalty for contravention of Code of Conduct:

Any Designated Person contravening the Code will be liable to penalty and appropriate disciplinary action including remuneration freeze, suspension, dismissal etc. as may be decided by the Chairman of the Board in consultation with the Compliance Officer.

xi. Applicability of the Code to certain persons:

The Regulations apply to certain persons who by being in any contractual, fiduciary or employment relationship or holding any position including a professional or business relationship with the Company whether temporary or permanent have access, directly or indirectly, to unpublished price sensitive information or are reasonably expected to allow

such access. They are advised to adhere to the Regulations strictly. In case it is observed by such persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these Regulations, they shall inform SEBI promptly, with a copy to the Company.

XII. Determination of “Legitimate Purposes

“legitimate purpose” shall include sharing of unpublished price sensitive information in the ordinary course of business 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 these regulations.”

Persons in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.”

XII. INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING

The Chief Executive Officer, Managing Director or such other analogous person of company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.

XIII. RESPONSIBILITY TO FRAME INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING

The board of directors of company shall ensure that the Chief Executive Officer or the Managing Director or such other analogous person ensures compliance with regulation 9 and sub-regulations (1) and (2) of this regulation.

XIV. REVIEW OF THE INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING

The Audit Committee of company shall review compliance with the provisions of these regulations;

At least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

5. AMENDMENTS:

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace this policy entirely with a new policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.
