

NDA SECURITIES LIMITED

**Code of Conduct to Regulate, Monitor and Report for Prevention of
Insider Trading**

(Applicable w.e.f 15.05.2015)

Preamble

SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'Regulations') notified on 15.01.2015 shall come into force with effect from 15.05.2015.

Regulation 9 mandates the Board of Directors of 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 these regulations.

Accordingly the Company has formulated this code of conduct for governing trading by its employees and other connected persons.

DEFINITIONS:

"Board" means the Securities and Exchange Board of India;

"Compliance Officer" means Chief Financial Officer, who is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the code specified in these regulations.

"Connected person" means,-

- (i) 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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 official of a stock exchange or of clearing house or corporation;
or
 - (f). a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - (g). a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - (i). a banker of the company; or
 - (j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten percent of the holding or interest;
- (e) "**Generally available information**" means information that is accessible to the public on a non-discriminatory basis;
- (f) "**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;
- (g) "**Insider**" means any person who is:

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

(h) "**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;

(i) "**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;

(j) "**takeover regulations**" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

(k) "**trading**" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;

(L) "**trading day**" means a day on which the recognized stock exchanges are open for trading;

(m) "**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.

Following terms shall have the meaning as assigned under the Companies Act, 2013

i) **"Director"** means a director appointed to the Board of a company.

ii) **"Key managerial personnel"**, in relation to a company, means—

(i) the Chief Executive Officer or the Managing Director or the Manager;

(ii) the Company Secretary;

(iii) the Whole-Time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed;

Designated Person:

"Designated Employees" shall mean all employees comprising employees in the Finance and Secretarial Departments and such other employees who may be so designated, from time to time, by the Company for the purposes of this Code and who may be able to have access to any 'unpublished price sensitive information' as defined in this Code or the Regulations. The Company's management shall mean and include Directors, Key Managerial Personnel, and Functional Heads.

Code of Conduct for Prevention of Insider Trading

1.0. Compliance Officer.

1.1 The Company has appointed its CFO as compliance officer who is financially literate and is capable of appreciating requirements for legal and regulatory compliance, and CFO is designated as Chief Investor Relations Officer (CIRO).

1.2 The Compliance officer shall maintain a record of the designated Persons and any changes made in the list of designated persons.

1.3 The Compliance officer shall in consultation with Chief Investor Relation Officer (CIRO) assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's code of conduct.

2.0 Preservation of "Unpublished Price Sensitive Information".

2.1 Employees/ Designated persons/ Directors shall maintain the confidentiality of all unpublished Price Sensitive Information. Employees/ Designated persons/ Directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the trading of securities of the Company.

2.2. Need to know

2.2.1 Unpublished Price Sensitive Information is to be handled on a "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. No Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. Further 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.

2.3. Limited access to confidential information.

2.3.1 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc. Head - IT and CFO of the Company shall put in sufficient systems in place to ensure confidentiality of information and computer files.

3.0 Prevention of misuse of "Unpublished Price Sensitive Information"

3.1 Restrictions for Insiders of the Company

The insiders who may be perpetually in possession of "Unpublished Price Sensitive Information" shall be subject to following trading restrictions:

3.1.1. Trades pursuant to Trading Plan

All trades in securities of the company shall be pursuant to a trading plan set up in accordance with regulation 5 of the Regulations.

3.1.2. Trading Plans.

- (1) The 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.
- (2) Such trading plan shall:-
 - (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
 - (ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
 - (iii) entail trading for a period of not less than twelve months;
 - (iv) not entail overlap of any period for which another trading plan is already in existence;
 - (v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
 - (vi) not entail trading in securities for market abuse.
- (3) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
- (4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

- (5) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed with a copy of the same to the concerned insider.

3.2 Restrictions for Designated persons

Board of directors of the company have in consultation with the compliance officer specified certain employees and other connected persons as **designated persons** on the basis of their role, function, seniority and professional designation in the Company.

All **designated persons** of the Company and their immediate relatives including persons for whom the designated person takes trading decisions shall be subject to trading restrictions as enumerated below :-

3.3.1 Trading window

The company shall specify a trading period, to be called "Trading Window", for trading in the company's securities. The trading window shall be closed during the time the information referred to in para 3.2.4 is un-published.

3.3.2. The Trading window shall also be closed when the compliance officer determines that designated persons can reasonably be expected to have possession of unpublished price sensitive information.

3.3.3 When the trading window is closed, the designated persons and their immediate relatives including persons for whom the designated person takes trading decisions, Auditors of the company, Accountancy Firms, Law firm, Analysts, consultants, etc., assisting or advising the company shall not trade in the company's securities during such period.

3.3.4 The Trading Window shall be, inter alia, closed atleast for 5 (Five) days before the time fixed for the Board Meeting at which any of the following matters is proposed to be discussed:

- a) Declaration of Financial results (quarterly, half-yearly and annual).
- b) Declaration of dividends (interim and final)
- c) change in capital structure viz. issue of securities by way of public/rights/bonus, etc.
- d) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business, buyback and such other transactions;
- e) changes in key managerial personnel;
- f) Any major expansion plans or execution of new projects.
- g) Disposal of whole or substantially whole of the undertaking
- h) Any changes in policies, plans or operations of the company.
- i) material events in accordance with the listing agreement.

- 3.3.5 The Trading window shall be re-opened by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market
- 3.3.6 **The Trading Window shall generally be opened 48 hours after the information referred to in para 3.2.4 is made public.**
- 3.3.7 All designated persons of the company and their immediate relatives including persons for whom the designated person takes trading decisions, Auditors of the company, Accountancy Firms, Law firm, Analysts, consultants, etc., assisting or advising the company shall conduct all their trading in the securities of the Company only in a valid Trading Window and shall not trade in any securities of the Company involving subscribing, buying, selling or dealing or agreeing to subscribe, buy, sell or deal in the company's securities during the periods when Trading Window is closed, as referred to in para 3.3.4 or during any other period as may be specified by the Company from time to time.
- 3.4 **Pre clearance of trades.**
- 3.4.1 When the Trading Window is open, trading by designated persons shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trades is above such thresholds as the Board of Directors may stipulate.
- 3.4.2. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

4. Disclosure of interest or holding in listed companies and trading by insiders.

1) Initial Disclosures

- (a) Every **promoter, key managerial personnel and director** of the Company shall disclose his holding in securities of the company, including his immediate relatives and any other person for whom he take trading decisions, as on the date of Insider Trading Regulations, 2015 **taking effect i.e. 15.05.2015**, to the company **within thirty 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 his holding in securities of the company, including his immediate relatives and any other person for whom he take trading decisions, as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

2) Continual Disclosure.

- (a) Every **promoter, employee and director** of the Company including his immediate relatives and any other person for whom he take trading decisions, shall disclose to the company, the number of such securities acquired or disposed of within **two trading days** of such transaction if the **value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees** or such other value as may be specified;
- (b) The Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2) above.

(3) Disclosures by other connected persons.

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

The CFO of the Company shall inform the Compliance officer regarding addition/ deletion of any of the above connected persons to enable the compliance officer to discharge his duties as per this code.

The disclosures made under this clause (5) shall be maintained by the Company, for a minimum period of five years, in such form as may be specified by SEBI.

5.0 Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015

In case it is observed by the company/compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed promptly by the company.

6.0 Penalty for contravention of code of conduct.

- 6.1 Any Designated person who trades in securities or communicates any information for trading in securities, in contravention of the code of conduct may be penalised and appropriate action may be taken by the Company.

- 6.1 Designated persons and employees of the company who violate the code of conduct shall also be subject to disciplinary action by the company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc. or any other action as the Company deem fit.
- 6.2 The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 2015 which may include:
- imprisonment or
 - fine, or
 - both.

In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

