

# KANT & COMPANY LIMITED

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## POLICY – PREVENTION OF INSIDER TRADING

### Code of Internal Procedures and Conduct for the Prevention of Insider Trading

*If anyone is in any doubt as to the contents of this document and what can or cannot be done, please consult the Compliance Officer for advice*

#### 1 . Definitions

1.1 “**this Code**” shall mean this document, as the same may be amended by the board of directors of the Company from time to time;

1.2 the “**Company**” shall mean **Kant & Company Limited**.

1.3 'designated employee' shall mean:-

- all executive and non-executive directors of the Company ;
- all executive at CXO Level and Senior General Managers;
- all employees in the finance/accounts department of the Company ;
- such other employees and consultants of the Company designated by the Company to whom these trading restrictions shall be applicable, keeping in mind the objectives of this Code.

1.4 “**ESOPs**” means employee share ownership plans of the Company

1.5 “**Price Sensitive Information**” shall mean any unpublished information which relates directly or indirectly to the Company and which if published is likely to materially affect the price of securities of the Company and shall include the following, each of which shall be deemed for all purposes to be price sensitive information:

- **periodical financial results of the Company;**
- **intended declaration of dividends (both interim and final);**
- **issue of securities or buy-back of securities;**
- **any major expansion plans or execution of new projects**
- **the award of new contracts**
- **amalgamation, mergers or takeovers involving the Company**
- **disposal of the whole or substantial part of the business or undertaking of the Company;**
- **any significant changes in policies, plans or operations of the Company**
- **any profit warnings;**
- **share dealings by directors or substantial shareholders;**
- **appointments to, and departures from, the board of the Company.**

1.6 "**trading in the Company's securities**" shall mean any act of buying, selling, dealing or agreeing to buy, sell or deal in any securities of the Company by any person, whether acting as principal or agent and the grant, acceptance, acquisition, disposal, exercise or discharge of an option (whether for the call, or put, or both) or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities or any interest in the Company's securities (and similar phrases such as "trade in the Company's securities" shall be construed accordingly);. For the avoidance of doubt, the following are also deemed trading in the Company's securities: trading between directors and/or employees, off-market dealings, and transfers for no consideration;

1.7 "**SEBI**" shall mean the Securities and Exchange Board of India; and

1.8 "**unpublished**" shall mean not published by the Company or its agents.

## **2. Compliance Officer**

2.1. **The Company has appointed a Compliance Officer (the "Compliance Officer") who shall report to the Managing Director of the Company.**

2.2. The Compliance Officer shall 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 (directly or through respective department heads as decided by the Company), monitoring of trades and the implementation of this Code under the overall supervision of the board of directors of the Company.

2.3. The Compliance Officer shall maintain a record of the designated employees and any changes made to the list of designated employees.

2.4. The Compliance Officer shall assist all the designated employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and this Code.

## **3. Preservation of Price Sensitive Information**

3.1. All designated employees of the Company shall maintain the confidentiality of all Price Sensitive Information and shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of the Company's securities.

3.2. Price Sensitive Information is to be handled on a "**need to know**" basis and should be disclosed only to those within the Company who need the information to discharge their duty

3.3. Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

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

4.1. All designated employees of the Company shall be subject to trading restrictions as set out below.

##### **4.2. Trading Window**

4.2.1 The Company shall specify a trading period, to be called the "Trading Window", for trading in the Company's securities. The Trading Window shall be closed during the time the information referred to in paragraph 4.2.3 of this Code is unpublished.

4.2.2 When the Trading Window is closed, the designated employees shall not trade in the Company's securities.

4.2.3 The Trading Window shall be, *inter alia*, closed for the period prior to and during the occurrence of any of the following:

- a. the declaration of financial results by the Company (quarterly, half yearly and annual);**
- b. the declaration of dividends (interim and final) by the Company;**
- c. the issue of securities by way of public issue, rights issue, open offer, placing or bonus issue (but not, for the avoidance of doubt, the issue of securities pursuant to the exercise of pre-existing share options);**
- d. any major expansion plans or execution of new projects .**
- e. amalgamation, mergers, takeovers involving the Company;**
- f. issue of securities or buy-back of securities by the Company;**
- g. disposal of the whole or substantial part of the business or undertaking of the company**
- h. any significant changes in policies, plans or operations of the Company**
- i. any other matter which constitutes Price Sensitive information**

4.2.4 The time for commencement of closing the Trading Window shall be decided by the Company.

4.2.5 The Trading Window shall be opened **48** hours after the information referred to in paragraph 4.2.3 is made public.

4.2.6 All designated employees shall conduct all their trading in the securities of the Company only in a valid Trading Window and shall not trade in the Company's securities during the periods when the Trading Window is closed.

4.2.7 In the case of ESOPs, exercise of option may be allowed in the period when the Trading Window is closed subject to the written approval of the Compliance Officer. However, sale of the Company's securities allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.

4.2.8 Appendix 2 contains details of trading which are not prohibited by this Code.

### **4.3. Pre-clearance of trades**

4.3.1 All designated employees who intend to trade in the Company's securities shall pre-clear the transactions in accordance with the pre-trading procedure as described below before instructing any trading.

4.3.2 A written application shall be made in such form as the Company may notify in this regard (the "Dealing Authorisation Form"), to the Compliance Officer. Such form shall indicate the estimated number of securities that the designated employee intends to trade in, the details as to the depository with which he or she has a security account, the details as to the securities in such depository mode and such other details or information as may be required by any rule made by the Company.

4.3.3 An undertaking shall be executed in favour of the Company in such form as specified by the Company by such designated employee incorporating, *inter alia*, the following clauses, as may be applicable:

- (a) that the designated employee does not have any access or has not received Price Sensitive Information up to the time of signing the undertaking;
- (b) that in case the designated employee 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 trading in Company's securities until the time such Price Sensitive Information becomes public;
- (c) that he/she has not contravened this Code as notified by the Company from time to time;
- (d) that he / she has made a full and true disclosure in the matter.

4.3.4 If consent to trade in the Company's securities is refused, the refusal in itself will constitute Price Sensitive Information and should not be divulged to any party. The consent or refusal to a trading request will be communicated as soon as possible following the request being made and a copy of the response will be given to the person concerned. If a request to trade is refused, the Compliance Officer shall provide a written statement of the reasons for withholding his or her consent.

4.3.5 If consent to trade is granted, the Dealing Authorisation Form will be completed on behalf of the Company and a copy returned to the designed employee.

4.3.6 Consent to trade will be on an individual basis. Consent for one individual to trade does not mean that others can deal without first obtaining consent themselves.

### **5. Other Restrictions**

5.1 All designated employees shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given by the Compliance Officer. If the order is not executed within one week after the approval is

given the designated employee must pre-clear the transaction again.

5.2 Trading by or on behalf of a designated employees' spouse and/or children or stepchildren under the age of 18 are deemed to be "trading in the Company's Securities" as are dealings by any trust, company or person with whom a designated employee (or their spouse or children) has any connection. Please refer to Appendix 1 for full details of connected persons.

5.3 Where a designated employee is a trustee, trading in the securities of the Company by that trust is permitted outside of the Trading Window where that designated employee is not a beneficiary of that trust and the decision to trade is taken by the other trustees (or by investment managers on behalf of the trustees) independently of that designated employee (as the case may be).

5.4 If a designated employee is discharging managerial responsibilities then that person must take reasonable steps to prevent dealings by or on behalf of "connected persons" on considerations of a short-term nature. Persons discharging managerial responsibilities must also seek to prohibit trading outside of the Trading Window (i) by or on behalf of any connected persons; or (ii) by an investment manager on that designated employees behalf or on behalf of any connected person where either that designated employee or any connected person has funds under management with that investment fund manager, whether or not discretionary. As such, a designated employee must advise the connected person(s) or investment manager(s) concerned (but without disclosing the confidential information):

- a. of the periods when trading in the Company's securities cannot be undertaken; and
- b. that they must advise that designated employee immediately after they have dealt in the Company's securities.

5.5 All designated employees of the Company shall hold their investments in securities 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 subscription in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.

5.6 In the event that the sale of the Company's 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.

5.7 Where a designated employee has Price Sensitive Information about a third party company as a result of his or her position as a director, employee or consultant of the Company , he / she may not be able to deal in the shares of that third party company (and equivalent rules may apply).

## **6. Reporting Requirements for transactions in securities**

6.1. All designated employees shall be required to forward the following details of their securities transactions including a statement of dependent family members (as defined by the Company) to the Compliance Officer:

1. all holdings in securities of the Company by designated employees at the time of joining the Company;
2. periodic statement of any transactions in securities (the periodicity of reporting may be defined by the Company. The Company may also be free to decide whether reporting is required for trades where pre-clearance is also required); and
3. annual statement of all holdings in securities of the Company.

6.2. The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the designated employees for a minimum period of three years.

6.3. The Compliance Officer shall place before the Managing Director or Chief Executive Officer or a committee specified by the Company, on a monthly basis all the details of the trading in the Company's securities by the designated employees and the accompanying documents that such person had executed under the pre-trading procedure as set out in this Code.

## **7. Penalty for contravention of the Code**

7.1. Any designated employee who trades in the Company's securities or communicates any information for trading in the Company's securities in contravention of this Code may be penalised and appropriate action may be taken by the Company.

7.2. Any designated employee, that violates this Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, being ineligible for future participation in ESOPs, etc.

7.3. The action by the Company against a designated employee shall not preclude SEBI from taking action in the event of a violation of the SEBI (Prohibition of Insider Trading), Regulations, 1992.

## **8. Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations 1992**

8.1. In the event it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the Company.

## **APPENDIX 1 - CONNECTED PERSONS**

For the purposes of these trading rules, a person (being an individual or a legal person, such as a company) is "connected" with a designated employee if, but only if, he or she (not being himself such a designated employee) is:

1. that designated employee spouse.
2. that designated employees child (and throughout the foregoing "child" or "children" includes all natural, adopted, illegitimate and step-children under 18).
3. except where the context otherwise requires, a body corporate with which that designated employee is associated (and a designated employee is "associated" with a body corporate if he/her and the persons connected with him/her together are interested in shares making up at least 20 per cent. of the equity share capital or are entitled to exercise or control the exercise of 20 per cent. or more of the voting rights or in practice where his or her directions or instructions are normally followed.)
4. a person acting in his/her capacity as a trustee of any trust the beneficiaries of which include:
  - (a) the designated employee, his/her spouse and any children of the director/employee/ consultant; or
  - (b) a body corporate with which he/her is associated or of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the designated employee, his/her spouse, children or any such body corporate.
5. a person acting in his/her capacity as partner of that designated employee.
6. a person acting in his/her capacity as a partner of any person who is:-
  - (a) that designated employees spouse;
  - (b) that designated employees child;
  - (c) a body corporate with which that designated employee is associated; or
  - (d) a person acting in his/her capacity as a trustee of any trust of a type specified in paragraph 4 above.

7. a relative of a designated employee who, on the date of the transaction in question, has shared the same household as that person for at least 12 months.

8. a body corporate in which a designated employee or someone who is otherwise a connected person, is a director or a senior executive who has the power to make management decisions affecting the future development and business prospects of that body corporate.

## **APPENDIX 2 - TRADING WHICH IS NOT PROHIBITED**

The following matters are not subject to the provisions of this Code and may be undertaken:

1. undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);
2. the take up of entitlements under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);
3. allowing entitlements to lapse under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);
4. undertakings to accept, or the acceptance of, a takeover offer;
5. bona fide gifts to a designated employee by a third party;
6. the cancellation or surrender of an option under an ESOP;
7. an investment by a designated employee in a scheme or arrangement where the assets of the scheme (other than a scheme investing only in the securities) or arrangement are invested at the discretion of a third party;
8. a dealing by a designated employee in the units of an authorised unit trust or in shares in an open ended investment company

## **CORPORATE DISCLOSURE PRACTICES**

### **Prompt disclosure of PSI to SEs and then to public, analysts, etc., through Corporate Communication**

- 1.2 It may be done through various media like news paper advertisement, posting information on company's website, etc so as to achieve maximum reach and quick dissemination.
- 1.3 Only public information to be provided to analysts. Alternatively, the information given should be simultaneously made public.
- 1.4 In order to avoid misquoting or misrepresentation, at least two company representatives be present at meetings with Analysts, or Institutional Investors and discussion preferably be recorded.
- 1.5 The concerned person carefully deal with analysts' questions that raise issues outside the intended scope of discussion.
- 1.6 Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.
- 1.7 When the concerned person organizes meetings with analysts, it shall make a press release or post relevant information on its website after every such meet. It may also consider live web casting of analyst meets.

### **2.0 Disclosure by Corporate Spokesman**

Every Member of Compliance Cell and other designated persons as may be authorized from time to time shall be Corporate Spokesman and shall be responsible for the following:

- 2.1 Corporate Disclosure of unpublished price sensitive information.
- 2.2 Ensure compliance of continuous disclosure requirements mentioned under Shareholding Disclosure Practices.
- 2.3 Oversee and co-ordinate disclosure of price sensitive information to stock exchanges, analysts, shareholders and media in the manner provided above
- 2.4 Educate employees on these disclosure policies and procedure.
- 2.5 If any information is accidentally disclosed without prior approval, the person responsible may inform other members of the Compliance Cell immediately, even if the information is not considered price sensitive.
- 2.6 Decide whether a public announcement is necessary for verifying or denying rumours and then make the disclosure.

## **PROCEDURE FOR IMPOSING PENALTIES**

- a) Where the Board of Directors/ Committee of Directors, on the basis of written information or on a complaint or action by any regulatory body or on the basis of any other *prima facie* evidence, is of the opinion that any insider may have contravened these rules, it may appoint an ***Investigating Officer***.
- b) The Investigating Officer shall accord a reasonable opportunity to the insider being investigated to show cause why no action should not be taken.
- c) Such insider shall produce before the Investigating Officer such documents in his/her control and furnish the said officer with statements and information relating to the transactions in securities of the company which is being investigated, within such time as the said officer may require.
- d) The Investigating Officer shall, within 15 days from the conclusion of the investigation, submit a report to the Board of Directors.
- e) After consideration of the investigation report, the Board of Directors shall communicate the findings to the insider being investigated and accord him an opportunity of being heard before taking any action.
- f) It may be noted that *mens rea* (i.e. guilty intention) need not be an essential ingredient for the offence of insider trading. Hence, a person may be convicted of that offence regardless of whether he has committed it knowingly, willingly or intentionally or not.
- g) In case it is observed by the Company/ Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed of this by the Compliance Officer.

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