

**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT  
TRADING BY DESIGNATED PERSONS**

*(Amended by the Board of Directors at the meeting held on  
17<sup>th</sup> August 2020)*

**Introduction**

Regulation 9(1) of the newly introduced SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "Regulations") read with amendments made thereto requires a listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its designated persons.

Accordingly, in supersession of the previous Code, a Code of Conduct to Regulate, Monitor and Report Trading by designated persons (the "Code") for Dhanada Corporation Limited (the "Company") is hereby framed as under.

The Board of Directors in its meeting held on 17<sup>th</sup> August 2020 has approved the amendments made in the Code in pursuance of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

**I. Important Definitions**

- a. "Company" means Dhanada Corporation Limited.
- b. "Code" or "Code of Conduct" shall mean the Code of Conduct to Regulate, Monitor and Report Trading by insiders of Dhanada Corporation Limited as amended from time to time.
- c. "Compliance Officer" means Company Secretary or such other senior officer, designated so and reporting to the Board of Directors, who is financially literate and 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

**"Explanation**—For the purpose of this regulation, "financially literate" shall mean 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

- d. "Connected Person" means:
  - (i) any person who is or has during the six months prior to the concerned act has 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 the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

- e. "Director" means a member of the Board of Directors of the Company.
- f. "Designated person" means the person designated by the Board of Directors or such other analogous authority in consultation with the compliance on the basis of their role and function in the organization.
- g. "Key Managerial Person" means person as defined in Section 2(51) of the Companies Act, 2013.
- h. "Generally available information" means information that is accessible to the public on a non-discriminatory basis;
- i. "Insider" means any person who is:
  - i) a connected person; or
  - ii) in possession of or having access to unpublished price sensitive information;
- j. "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;

- 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 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; and

Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **II. Code**

### **1. Role of Compliance Officer**

The Compliance Officer shall report on insider trading to the Board of Directors ("Board") and in particular, shall provide reports to the Chairman of the Board, on a monthly basis or at such frequency as may be stipulated by the Board but not less than once in a year.

The Compliance Officer shall assist all designated persons in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct.

### **2. Information on a need to know basis**

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

Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the Company; or

- not attracting the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

However, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties or due notice shall be given to such parties to maintain confidentiality and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

### **3. Designated Persons**

The Board of Directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organization and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-

- (i) Employees of the Company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body;
- (ii) Employees of material subsidiaries of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;
- (iii) All promoters of the Company and promoters who are individuals or investment companies for intermediaries or fiduciaries;
- (iv) Chief Executive Officer and employees upto two levels below Chief Executive Officer of the Company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the Company or ability to have access to unpublished price sensitive information;
- (v) Any support staff of the Company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.

### **4. Prevention of misuse of “Unpublished Price Sensitive Information”**

Designated persons and their immediate relatives shall be governed by an internal code of conduct governing dealing in securities.

#### **4.1 Trading Plan**

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

4.2 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.

4.3 The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

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.

4.4 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.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

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.

**5. Trading window**

Designated persons may execute trades subject to compliance with these Regulations.

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. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.

Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

Trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

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.

The timing for re-opening of the trading window shall be determined 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, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

The trading window restrictions mentioned in sub-clause (1) shall not apply in respect of –

- (a) transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 of SEBI (Prohibition of Insider Trading) Regulations, 2015 and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board;
- (b) transactions which are undertaken in accordance with respective regulations made by the Board such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time.

## **6. Pre-clearance & trades**

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 trade(s) is above a minimum threshold limit of Rs. 10,00,000/- (Rupees Ten Lakh) in value over any calendar quarter, or such other limits as the Board may stipulate.

The pre-dealing procedure shall be hereunder:

- (i) An application may be made in prescribed format (Annexure 1) to the Compliance Officer indicating the estimated number of shares that the Insider intends to deal in, the depository with which he/she has an account

and the details as to his/her shareholding before and after the intended transaction.

- (ii) An undertaking (Annexure 2) shall be executed in favour of the Company by such designated person incorporating, *inter alia*, the following clauses, as may be applicable:
- a) That the directors, officers, designated employees does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
  - b) That in case the employee, director, officer has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the company till the time such information becomes public.
  - c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
  - d) That he/she has made a full and true disclosure in the matter.

## **7. Other Restrictions**

All designated persons shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. The designated person shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer.

If the order is not executed within seven days after the approval is given, the designated person must pre-clear the transaction again.

All designated persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All designated persons shall also not take positions in derivative transactions in the shares of the Company at any time. 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. This shall not be applicable for trades pursuant to exercise of stock options.

In case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.

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

### **8.1 Initial Disclosure**

Every promoter / Key Managerial Personnel / Director of the Company, within thirty days of these regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the prescribed Form.

Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter.

### **8.2 Continual Disclosure**

Every promoter, designated person and director of the Company 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 Rs. 10 Lakhs or such other value as may be specified.

The disclosure shall be made within 2 working days of:

- (a) the receipt of intimation of allotment of shares, or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

## **9. Disclosure by the Company to the Stock Exchange(s)**

9.1 Within 2 days of the receipt of intimation under Clause 8.2, the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received.

9.2 The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors / officers / designated employees for a minimum period of five years.

## **10. Annual Disclosure by the Designated persons**

Designated persons shall be required to disclose to the Company names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- (a) immediate relatives
- (b) persons with whom such designated person(s) shares a material financial relationship
- (c) Phone, mobile and cell numbers which are used by them

In addition, 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.

**11. Internal Control System**

The Chief Executive Officer / Managing Director shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the regulations to prevent insider trading.

**12. Process for how and when people are brought ‘Inside’ on sensitive transactions**

The Compliance Officer in consultation with MD or CFO of the Company shall decide on how and when any person(s) should be brought ‘Inside’ on any proposed or ongoing sensitive transaction(s).

A person(s) shall be brought inside on any proposed or ongoing sensitive transaction(s) of the Company who may be an existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants etc. for legitimate purpose which shall include the following:

- (i) in the ordinary course of business.
- (ii) in furtherance of performance of duties.
- (iii) for discharge of legal obligation(s).
- (iv) for any other genuine or reasonable purpose as may be determined by the Compliance Officer of the Company.
- (v) for any other purpose as may be prescribed under the Securities Regulations or Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.

**14. Review of compliance**

The Audit Committee of the Company shall review compliance with the provisions of these Code and PIT Regulations at least once in a Financial Year and shall verify that the systems for internal control are adequate and are operating effectively.

**III. Penalty for contravention of Code of Conduct**

Any designated person contravening the Code will be liable to penalty and appropriate sanctions and disciplinary actions including wage freeze, suspension, recovery etc. as may be decided by the Chairman of the Board in consultation with the Compliance Officer. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

In case it is observed by the Company that there is a violation of any regulations or Code, it shall promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time.

**IV. Applicability of the Code**

The Code applies to all Designated 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 Code strictly.

**V. Amendments**

The Board shall have the power to amend any of the provisions of this Code, substitute any of the provisions with a new provision or replace this Code entirely with a new Code.

**VI. Disclosures**

The Code shall be published on the website of the Company at [www.dhanadacorp.com](http://www.dhanadacorp.com). This Code and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Bombay Stock Exchange.

ANNEXURE-1

**APPLICATION FOR PRE-CLEARANCE OF TRADE**

To,  
Compliance Officer  
Dhanada Corporation Limited  
Pune

Dear Sir /Madam

Pursuant to the SEBI (prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct, I seek approval to purchase / sale / subscription of \_\_\_\_\_ equity shares of the Company as per details given below:

Name of the applicant	
Designation	
Number of securities held as on date	
Folio No. / DP ID / Client ID No.	
The proposal is for (a) Purchase of securities (b) Subscription of securities (c) Sale of securities	
Proposed date of dealing in securities	
Estimated number of securities proposed to be acquired / subscribed / sold	
Price at which the transaction is proposed	
Current market price (as on date of application)	
Whether the proposed transaction will be through stock exchange or off-market deal	

I enclose herewith the form of Undertaking signed by me.

Signature:

Name:

Designation:

ANNEXURE-2

**UNDERTAKING**

I \_\_\_\_\_ aged about \_\_\_\_\_ years, Son of \_\_\_\_\_ working in the capacity of \_\_\_\_\_ in Dhanada Corporation Limited (hereinafter referred to as 'Company') do hereby solemnly declare and undertake as under:

1. that I am working with the company with effect from \_\_\_\_\_.
2. that as on date I do not possess/own any shares of the company or I have purchased \_\_\_\_\_ nos. of shares of the Company from open market. (strike out which is not applicable)
3. that I have received and read the Company's code of conduct and agree to comply with the Company's code of conduct and ethics from time to time.
4. that I do not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
5. In the event that I have access to or receive "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction for which approval is sought, I shall inform the compliance officer of the Company of the change in my position and that I would completely refrain from dealing in the securities of the company till the time such information becomes public.
6. that I shall provide Initial disclosure about shareholding in the requisite form to the compliance officer of the Company.
7. that I shall undertake to seek pre-clearance of the compliance officer for any securities transaction and shall make an application, submit required forms duly filled and signed.
8. that I shall give annual statement of shareholding in Company's securities by 30<sup>th</sup> April of every year along with my dependent.
9. that I have not contravened the code of conduct for prevention of insider trading as notified by the Company and shall be fully liable in any event of contravention / noncompliance of the same.
10. That I have made a full and true disclosure in the matter

Date:  
Place:

Signature:  
Name:  
Designation: