

KAUSAMBI VANIJYA LTD

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

INTRODUCTION:

Insider trading means dealing in Securities of a company by its Directors, Employees or other Insiders based on unpublished Price Sensitive Information. Such dealing by Insiders erodes the investors' confidence in the integrity of the management and is unhealthy for the capital markets.

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Insider Trading) Regulations, 1992 under the powers conferred on it under the SEBI Act, 1992. These regulations came into force with effect from 19th November 1992 and the same were made applicable to all companies whose shares were listed on Indian stock exchanges.

To strengthen the existing regulations and to create a framework for prevention of insider trading, SEBI had constituted a committee under the Chairmanship of Shri Kumar Mangalam Birla to review the regulations. The recommendations of the committee were considered and approved by SEBI Board and accordingly, SEBI has amended the existing regulations. The amended regulations were notified in the Gazette and made effective from February 20, 2002. These regulations are now called "Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992" (hereinafter referred to as "the Regulations"). The amended Regulations not only regulate insider trading but also seek to prohibit insider trading. The text of the Regulations is given in Appendix A.

Regulation 3 of the Regulations, which prohibits insider trading is quoted below:

"No Insider shall –

- (i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information; or*
- (ii) communicate or counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities;*

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or profession or employment or under any law."

It is also mandatory in terms of the Regulations for every listed company/entity to formulate a Code of Conduct for Prevention of Insider Trading for its Directors, Officers and Employees as also a Code of Corporate Disclosure Practices.

DEFINITIONS:

As used in this Code:

- (a) **"Board"** means Board of Directors of the Company.
- (b) **"Code"** means this Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, as applicable, including modifications made thereto from time-to-time.
- (c) **"Company"** means Kausambi Vanijya Limited.
- (d) **"Compliance Officer"** means an Employee appointed by the Board for the implementation of and overseeing compliance with the Regulations and the Code across the Company.
- (e) **"Dealing in Securities"** means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the Securities of the Company either as principal or agent.
- (f) **"Designated Employee"** means: -
 - (i) such Employees in the top three layers of the management as may be identified by the Compliance Officer in consultation with the Managing Director or the Chief Executive Officer of the Company; and
 - (ii) any other Employee as may be designated by the Compliance Officer in consultation with the Managing Director or Chief Executive Officer of the Company considering the objectives of the Code.
- (g) **"Director"** means a member of the Board of Directors of the Company.
- (h) **"Dependent"** shall include the spouse, children and parents, who are financially dependent on the Specified Persons and such other family members of the Specified Persons as may be notified by him/her.
- (i) **"Employee"** means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.
- (j) **"Insider"** means any person who, is or was connected with the Company or is deemed to have been connected with the Company, and who is reasonably expected to have access to unpublished Price Sensitive Information in respect of Securities of the Company, or who has received or has had access to such unpublished Price Sensitive Information.
- (k) **"Officer"** includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors of the Company or any one or more of the Directors is or are accustomed to act including an auditor.
- (l) **"Price Sensitive Information"** means any 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.

Explanation:

The following shall be deemed to be Price Sensitive Information:

- (i) periodical audited or unaudited financial results of the Company, stand-alone or consolidated;
- (ii) intended declaration of dividends (both interim and final);
- (iii) issue of Securities or buy-back of Securities;
- (iv) any major expansion plans or execution of new projects;
- (v) amalgamation, mergers or takeovers;
- (vi) disposal of the whole or a substantial part of the undertaking;
- (vii) any significant changes in policies, plans or operations of the Company;

(m) "**Securities**" includes:

- (i) shares, scrips, bonds, debentures, debenture stock or other marketable securities of a like nature, and
- (ii) such other instruments recognized as securities and issued by the Company from time-to-time, but shall not include any kind of derivatives in the Securities of the Company.

(n) "**Specified Persons**" - the Directors, the Officers and the Designated Employees are collectively referred to as Specified Persons.

(o) "**Working Day**" shall mean the working day when the regular trading is permitted on the concerned stock exchange where Securities of the Company are listed.

All terms used in this Code but not defined hereinabove shall have the meanings ascribed to them under the Regulations or the Companies Act, 1956.

COMPLIANCE OFFICER:

"Compliance Officer" shall be a senior level employee as may be nominated by the Board from time to time for the purpose of administration of this Code, who shall report to the Managing Director / Chief Executive Officer.

The Compliance Officer shall be responsible for setting forth policies and procedures and monitoring adherence to the rules for the preservation of Price Sensitive Information, pre-clearing of all Directors / Officers/ Designated Employees and their dependents trades (through respective department heads), monitoring of trades and implementation of this Code under the overall supervision of the Board of the Company.

The Compliance Officer shall maintain a record of the Designated Employees and any changes made in the list of Designated Employees.

The Compliance Officer shall assist all employees of the Company in addressing any clarification regarding the Regulations and the Company's Code.

PRESERVATION OF PRICE SENSITIVE INFORMATION :

All Directors/ Officers /Designated Employees 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 securities.

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

DISCLOSURE :

All Directors / Officers / Designated Employees are required to forward the following details of their securities transactions to the Compliance Officer.

Initial Disclosure

All Directors / Officers / Designated Employees shall be required to forward their details (including details of their dependents) of all holdings in securities or voting rights held and positions taken in derivatives by such person to the Compliance Officer at the time of joining of the Company within 2 working days of joining/appointment.

Initial Disclosure to be made in form A

Continual Disclosure

All Directors / Officers / Designated Employees shall be required to forward following details of their securities transactions: -

(i) Half Yearly Statement of any transactions in securities of the Company within 30 days from the end of the half year in form B.

(ii) Annual statement of all holdings in securities within 15 days from the end of the financial year in Form C.

Disclosures by Company to Stock Exchanges

Further, the Company is also required to disclose to all stock exchanges on which it is listed, within two working days of receipt of the initial disclosures and receipt of disclosures made from time to time.

Further, all Directors/ Officers shall be required to forward to the Company and the Stock Exchange where the securities of the Company are listed a statement in "Form D", as prescribed in Schedule II, showing the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents from the last

TRADING WINDOW :

1. 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 below is unpublished.
2. When the trading window is closed, the Directors / Officers/ Designated Employees of the Company shall not trade in the Company's securities in such period.

The trading window shall be, inter alia, closed at the time:—

- (a) Declaration of financial results (quarterly, half-yearly and annually).
- (b) Declaration of dividends (interim and final).
- (c) Issue of securities by way of public/rights/bonus etc.
- (d) Any major expansion plans or execution of new projects.
- (e) Amalgamation, mergers, takeovers and buy-back.
- (f) Disposal of whole or substantially whole of the undertaking.
- (g) Any changes in policies, plans or operations of the Company.

3. The time for commencement of closing of trading window shall be decided by the Company.
4. The trading window shall be opened 24 hours after the information referred above is made public.
5. All Directors/Officers/Designated Employees of the Company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed, as referred UPS or during any other period as may be specified by the Company from time to time.
6. In case of Employee Stock Options (ESOPs), exercise of option is allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs are not allowed when trading window is closed.

Pre- clearance of Trades

1. All Directors/ Officers/ Designated Employees of the Company and their Dependents who intends to deal in the securities of the Company shall pre-clear the intended transactions in the securities of the Company as per the pre-dealing procedure as described hereunder.
2. Such pre-clearance of trade would be applicable wherever any Officer / Designated Employee / their dependents intends to deal in the shares of the Company in excess of the minimum threshold limit of market value exceeding Rs. 5,00,000/- or 5000 shares whichever is less. Directors have to pre-clear their all intended transactions irrespective of value or number of shares involved. Trades of the Compliance Officer which requires pre-clearance in terms of the above shall be approved by the Managing Director or any Whole Time Director of the Company.

3. All application in "Form I", as prescribed in Schedule I, shall be made to the Compliance Officer, after obtaining the approval of Departmental Head, if any, indicating the estimated number of securities that Director / Officer / Designated Employee intends to deal in and details of depository with which he has a depository account and such other details as may be required by any rule made by the Company in this behalf.
4. An Undertaking in "Form I" shall be executed in favour of the Company by such Director/Officer/ Designated Employee.

PENALTY FOR CONTRAVENTION OF THE CODE :

1. Any Director / Officer / Designated Employee who trades in securities or communicates any information for trading in securities in contravention of the Code may be penalised and appropriate action may be taken by the Company.
2. Directors / Officers / Designated Employees of the company who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, render ineligible for future participation in employee stock option plans, etc.
3. The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.