



**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING  
BY INSIDERS IN SECURITIES OF  
KAPSTON SERVICES LIMITED**

**PURPOSE**

The Code is formulated to regulate, monitor and report trading by designated persons and their immediate relatives. The objective of this code is preservation of confidentiality of unpublished price sensitive information (UPSI), to prevent misuse of such information and to prohibit a designated person and his/her Immediate Relative from Trading in the Securities of Kapston Services Limited (Company). The code has been framed adopting the minimum standards for code of conduct to regulate, monitor and report Trading by designated persons and immediate relatives of designated persons as specified in Schedule Bof the SEBI (Prohibition of Insider Trading) Regulations,2015.

The Company endeavours to preserve the confidentiality of UPSI and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every Designated Person of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. No Designated Person may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party. Such persons are prohibited from communicating/ counselling others with respect to the securities of the Company. Such persons are prohibited from communicating/ or counselling others with respect to the securities of the Company. Such persons should also refrain from profiteering by misusing the unpublished price sensitive information and thereby enabling the Company to retain investor confidence.

To achieve these objectives, the Company hereby notifies this code of conduct to be followed by all Designated Persons.

**1. EFFECTIVE DATE**

This code shall come into force on 1 April 2019 and shall replace the earlier Code of Conduct which was adopted by the Board on 10 April 2018.

## **2. DEFINITION ON CERTAIN TERMS**

- 2.1 "Act" means the Securities and Exchange Board of India Act,1992 as amended from time to time.
- 2.2 "Board" means the Securities and Exchange Board of India;
- 2.3. "Board of Directors" shall mean the Board of Directors of the Company.
- 2.4 "Code" shall mean this Code of Conduct to Regulate, Monitor and Report Trading by Designated Person in Securities of the Company, as amended from time to time.
- 2.5 "Code of Fair Disclosure" shall mean the Code of Practices and Procedures for Fair Disclosure of UPSI.
- 2.6. "Company" means Kapston Services Limited.
- 2.7 "Compliance Officer" means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, 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 listed company or the head of an organization, as the case may be.
- 2.8 "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 per cent. of the holding or interest;

2.9. "generally available information" means information that is accessible to the public on a non-discriminatory basis;

2.10. "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;

2.11. "insider" means any person who is:

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

2.12. "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;

2.13. "Promoter Group" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

2.14. "SEBI" means the Securities and Exchange Board of India.

2.15. "SEBI Insider Trading Regulations" means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

2.16. "SEBI LODR Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

- 2.17. "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act,1956 or any modification thereof except units of a mutual fund.
- 2.18. "Trading" means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in Securities and 'trade' shall be construed accordingly.
- 2.19. "Trading Day" means a day on which recognised stock exchanges are open for trading.
- 2.20. " Trading Plan" shall have the meaning assigned to it in Clause 8.
- 2.21. "Trading Window" refers to the period during which the Company's Securities can be traded by the Designated Person as provided in this Code.
- 2.22. "Unpublished Price Sensitive Information" or "UPSI" means any information, relating to the 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 of the Company and shall, ordinarily include but not be 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; and
  - v. Changes in Key Managerial Personnel.

Words and expressions used and not defined in this Code but defined in SEBI Act,1992, the SCRA Act,1956, the Depositories Act,1996 or the Companies Act,2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations.

### **3. ROLE OF COMPLIANCE OFFICER:**

- 3.1.The Compliance Officer shall be designated so and be a financially literate, senior officer capable of appreciating requirements for legal and regulatory compliance. The Compliance officer shall report to the Board of Directors. The Compliance Officer shall report to the Board of Directors and provide reports on dealing in Securities by Designated Persons to the Chairman of the Audit Committee, on a quarterly basis. For the purpose of this Code the Compliance Officer shall be the Company Secretary.
- 3.2.In the absence of the Compliance Officer for any reason, any senior officer, reporting to the Board or the Managing Director who is financially literate and is capable of appreciating requirements for legal and regulatory compliance, shall carry out the

responsibilities of the Compliance Officer as required under this Code and the Regulations.

3.3. The Compliance Officer shall be responsible for :

- administering this Code and other requirements under the SEBI Insider Trading Regulations for compliance of the policies, procedures prescribed therein.
- setting forth policies, procedures, maintenance of records and monitoring adherence to the rules of preservation of UPSI;
- monitoring of trades and implementation of this Code under the overall supervision of the Board of Directors of the Company;
- providing disclosures to the stock exchange as required under the SEBI Insider Trading Regulations;
- pre-clearing of Trades by Designated Persons and their Immediate Relatives, in accordance with the SEBI Insider Trading Regulations and this Code;
- maintaining a list of Designated Persons and also updating changes to the list from time to time;
- maintaining a record of the opening and closing of the Trading Window;
- reviewing the Trading Plan and assessing the potential of the plan for violation of the SEBI Insider Trading Regulations, if any;
- approving and monitoring the implementation of the Trading Plan;
- notify the Trading Plan to the stock exchanges where the Securities are listed, on approval of the plan; and
- maintaining records of all declarations and disclosures received by him/her under this Code for a minimum period of 5 years.

3.4. The Compliance Officer shall be authorised to seek such information from the Designated Persons and Connected Persons as may be required to ensure or verify compliance with this Code and the SEBI Insider Trading Regulations and to give such approvals as are specified in the Code.

3.5. The Compliance Officer shall assist Designated Persons in addressing any clarifications regarding the SEBI Insider Trading Regulations and this Code.

#### **4. PRESERVATION, COMMUNICATION AND PROCUREMENT OF UPSI**

4.1 All Insiders shall maintain confidentiality of all UPSI and shall not communicate, provide, allow access to or pass on such UPSI to any person directly or indirectly, except as permitted under Clause 5.2.

4.2 UPSI is to be handled within and outside the Company on a “need to know” basis and no UPSI shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. UPSI should be disclosed only to those within the Company who need the UPSI to discharge their duty.

- 4.3 Further no person shall procure from or cause the communication by any insider, if UPSI, relating to the Company or its Securities, either directly or indirectly except in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.
- 4.4 The Company's code for fair disclosures lays down the principles for determining legitimate purposes for this purpose of this code.
- 4.5 Any person including auditors, accountancy firms, law firms, analysts, consultant firms etc., assisting or advising the Company, (Fiduciaries for the purpose of this Code) who is expected to have access to UPSI in the course of business operation shall formulate a code of conduct to regulate, monitor and report Trading by its associates/other connected persons (as defined under the SEBI Insider Trading Regulations) towards achieving compliance of the SEBI Insider Trading Regulations, adopting the minimum standards set out in Schedule C to the SEBI Insider Trading Regulations without diluting any of its provisions. The said persons will also be subjected to the Trading Window provisions of this Code under Clause 5 and contra trades under Clause 8.7.4.
- 4.6 While dealing with or handling UPSI within the Company, the Company shall establish policies, procedures and physical arrangements designed to manage confidential information and prevent the inadvertent spread and misuse of UPSI, or the appearance thereof.
- 4.7 Files containing confidential information shall be kept secure. Computer files will have adequate security of login and password, etc. Files containing confidential information should be deleted/destroyed after its use. Shredder should be used for the destruction of physical files.

## **5. PREVENTION OF MISUSE OF UNPUBLISHED PRICE SENSITIVE INFORMATION:**

No designated person or connected person shall:

- 5.1. Either on his own behalf, or on behalf of any other person, Trade when in possession of any UPSI unless the Trade is made pursuant to a Trading Plan, in accordance with the provisions of Clause 8 of this Code, or in accordance with the SEBI Insider Trading Regulations; or
- 5.2. Advise any person to Trade in the Securities while being in possession, control or knowledge of UPSI. For avoidance of any doubt it is clarified that "advice" shall mean to include recommendations, communications or counselling.
- 5.3. Further, all Designated Persons and their immediate Relatives shall be subject to the Trading restrictions enumerated below:

5.4. The Company shall specify a Trading period, called “Trading Window”, for Trading in the Company’s Securities, Subject to Clause 5.8 below, the time for commencement of closing of Trading Window shall be decided by the Compliance Officer.

5.5. The Trading window shall be closed, inter alia, during the time the information referred below is not Generally Available information:

- 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 as decided by the Board of Directors; and
- v. Change in Key Managerial Personnel.
- vi. Material Event in accordance with Listing Regulation.

5.6. The timing for re-opening of the Trading window shall be determined by the Compliance Officer after taking into account various factors, including whether the UPSI has become Generally Available Information or not and is capable of being assimilated by the market, which in no event shall be earlier than 48 hours after the information becomes Generally Available Information.

5.7. The Trading Window shall also be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons is reasonably expected to be in possession of UPSI.

5.8. Without prejudice to generality of the foregoing, Trading is not permitted during the following periods:

- i. In respect of financial results, Trading restriction period can be made applicable from the end of every quarter till 48 hours after declaration of financial results.
- ii. In respect of other events, the period as the Managing Director & CFO of the Company may advise the Compliance Officer from time to time.

5.9 All Designated Persons of the Company shall conduct all their dealings in the Securities of the Company only in a valid Trading Window, in compliance with Clause 6 and Clause 7 of this Code, and shall not deal in the Company’s Securities during the periods when Trading Window is closed or during any other period as may be specified by the Company from time to time. Further, the Trading Window shall be applicable to any person having a contractual or fiduciary relationship with the Company, including its auditors, accountancy firms, law firms, etc., assisting or advising the Company.

Note: Trading window norms shall not be applicable for the trades carried out in accordance with an approved trading plan.

## 6. PRE-CLEARANCE OF TRADES:

6.1. All Designated Persons on their behalf and on behalf of their Immediate Relatives, who intend to deal in the Securities of the Company during the period when the Trading Window is open, should pre-clear the transaction(s) irrespective of the value as per the pre-dealing procedure as described hereunder. No Designated Persons shall apply for pre-clearance of any proposed Trade if such Designated Person is in possession of UPSI even if the Trading Window is not closed. It is clarified that it is the responsibility of the Designated Persons to obtain approvals in respect of Trades proposed to be conducted by them or their Immediate Relatives.

6.2. An application may be made in the prescribed Form, to the Compliance Officer indicating the estimated number of Securities/ the value of the Securities that the Designated Person intends to deal in, the details as to the depository with which he has a security account, number of Securities held by him in physical and depository mode and such other details as may be required by the Company in this regard.

6.3. An undertaking shall be executed in favour of the Company by such Designated Person incorporating, inter alia, the following clauses, as may be applicable:

- i. That the Designated Person/ his or her Immediate Relative does not have any access to or has not received upto the time of signing the undertaking any "Unpublished Price Sensitive Information" which has remained unpublished and is not Generally Available in the public domain.
- ii. That in case the Designated Person/ his or her Immediate Relative has access to or receives Unpublished 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 the position and that he/she or his/her Immediate Relative would completely refrain from dealing in the Securities of the Company till the time such information becomes Generally Available.
- iii. That he/she or his/her Immediate Relative has not contravened this Code.
- iv. That he/she has made a full and true disclosure while applying for clearance to Trade.
- v. The Compliance Officer shall have regard to whether the above declarations is reasonably capable of being rendered inaccurate.

6.4. With reference to declaration of interim dividend and other matters referred to in clause 5.5 (ii) to (vi), the Managing Director & Chief Financial Officer, shall, well before initiation of such activity / project form a core team of Designated Persons and / or group of persons who would work on such assignment. Such persons will execute an undertaking not to deal in Securities till the UPSI regarding the activity / project is made public or the activity



/ project is abandoned, and the Trading Window would be regarded as closed for them for the said period.

## **7. OTHER RESTRICTIONS:**

7.1. All Designated Persons and their Immediate Relatives shall execute their Trade in respect of Securities of the Company within 7 trading days after the approval of pre-clearance is given, or a period of less than 7 trading days, in the event the Trading Window closes, prior to expiry of the period of 7 trading days. If the Trade is not executed within 7 trading days (or such shorter period, as applicable) after the approval is given, the Designated Person must pre-clear the transaction again stating the reason for not completing the Trade. In the event the period between the date of the approval and commencement of closure of Trading Window is less than 7 trading days then the said transaction shall be executed within such lesser period.

7.2. Compliance Officer shall either clear the requested deal or decline to clear the same within 7 trading days of receipt of the request in the prescribed form or such shorter period in the event the trading window is due to be closed prior to 7 trading days of receipt of the request. In case of declining, the reasons for the same shall be recorded by the Compliance Officer.

7.3. In case the Compliance Officer or any of his / her Immediate Relative wishes to Trade in the Securities of the Company, he / she should get the Trade pre-cleared by the Board of Directors of the Company, or any committee of the Board or a specified Director to which the Board of Directors has delegated such authority under a board resolution, and all provisions of the pre-clearance as would be applicable to a Designated Person shall be applicable to the Compliance Officer.

7.4. Designated Persons and their Immediate Relatives shall not enter into an opposite transaction viz., sell or buy as the case may be for a period of six months following the previous transaction.

Note: Restrictions of Contra Trade shall not apply in respect of trades carried out by Designated Persons in accordance with an approved trading plan, participation in buy back offers, open offers, rights issues, FPOs, bonus issues, exit offers, exercise of stock options etc., of the Company.

7.5. The Compliance Officer is empowered to grant relaxation from the strict application of the Contra Trade restriction after recording the reasons in writing, provided such relaxation does not violate the SEBI Insider Trading Regulations.

## **8. TRADING PLANS:**

Any Insider is entitled to formulate a Trading Plan enabling him/her to trade in Securities of the Company, in a compliant manner ("Trading Plan"). The Compliance Officer will review the Trading Plan to assess whether the plan potentially violates the SEBI Insider Trading Regulations. The Trading Plan once approved by the Compliance Officer will be notified to the stock exchanges where the Securities of the Company are listed.

Trading Plan shall:

- not entail commencement of Trading on behalf of the Insider earlier than six months from the public disclosure of the Trading Plan;
- not entail Trading for the period between twentieth Trading Day prior to the last day of any financial period for which results are required to be announced by the Company and the second Trading Day after the disclosure of such financial results;
- entail Trading for a period of not less than twelve months;
- not entail overlap of any period for which another Trading Plan is already in existence;
- 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
- not entail Trading in Securities for market abuse.

The Compliance Officer shall be entitled to seek express undertakings necessary for the assessment, approval and implementation of the Trading Plan. Once approved, the Trading Plan will be irrevocable, and the Insider will be required to mandatorily implement the Trading Plan and will not be entitled to deviate from it or to execute any Trade outside the scope of the Trading Plan.

Trading plan to state either the value of the trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or the dates on which such trades shall be executed. Implementation of an approved Trading Plan shall not commence if any UPSI in possession of the Insider at the time of formulation of the Trading Plan is not Generally Available at the time of commencement of the implementation of the Trading Plan. The Compliance Officer may defer the commencement of the Trading Plan until such UPSI is becomes Generally Available.

## **9. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:**

The following disclosures are required to be made by the designated persons, their Immediate Relatives and by any other person for whom such person is taking Trading decisions.

The disclosures of Trading in Securities shall also include Trading in derivatives of Securities and the Traded value of the derivatives shall be taken into account for purposes of Clause 9, provided that Trading in derivatives of Securities is permitted by any law for the time being in force

### **Initial Disclosure**

Every person on appointment as a Key Managerial Personnel or as a Director of the Company or upon becoming a Promoter, member of the Promoter Group shall disclose his/her holding of Securities of the Company as on date of the appointment or becoming a Promoter, to the Company / Compliance Officer within seven (7) days of such appointment or becoming a Promoter in Form B. Designated Persons are also required to make the initial disclosure within the said period of seven (7) days of their appointment/designation as a designated person of the Company in Form B.

In the event a new Immediate Relative comes into being or any existing Immediate Relative ceasing to be dependent, the Designated Person concerned shall forthwith give a notice in writing of such changes to the Compliance Officer.

Designated persons are required to disclose, the names of educational institutions from which they have graduated and names of their past employers.

The above timelines are also subject to the timelines prescribed by SEBI for system driven disclosures from time to time.

### **Continual Disclosures**

Disclosure of Securities of the Company acquired or disposed of by a Promoter, member of the Promoter Group, Designated person and Director of the Company, will be made, in case the value of Securities so Traded, whether in one transaction or a series of transactions over a calendar quarter, aggregates to a Traded value in excess of Rs.10 lakhs (Rupees Ten lakhs) or such other value as may be specified, within two (2) Trading Days of such transaction in Form C. Particulars of such Trading shall be reported by the Company to the stock exchanges on which Securities are listed within two (2) Trading Days of receipt of the disclosure or becoming aware of such information.

It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this Clause, shall be made when the transactions effected after the prior disclosure given in a calendar quarter cross the threshold specified above.

The Company may, at its discretion require any other Connected Persons or a 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 in Form D.

The Compliance Officer shall maintain records of all the declarations received in the prescribed forms for a minimum period of five years.

The Compliance Officer shall place before the Board of the Company, on a quarterly basis, all the details of the dealing in the Company's Securities by Designated Persons. The above report will also include reporting of pre-clearances not granted; decisions taken not to Trade after securing pre-clearances.

Designated persons are required to disclose 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; and
- c) Phone, mobile and cell numbers which are used by them.

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.

Any off-market inter-se trades between insiders shall be reported by the insiders to the Company within two working days (Threshold of Rs. 10 Lakhs shall not be applicable for off-market inter-se transfers i.e., all off-market transfers shall be reported to the Company within 2 trading days.)

#### **11. CODE OF FAIR DISCLOSURE AND CONDUCT:**

The code of practices and procedures for fair disclosure of UPSI to be followed in the Company is provided in Annexure.

#### **12. POLICY AND PROCEDURE FOR INQUIRY IN CASE OF LEAKAGE OF UPSI:**

The Policy and procedure for inquiry in case of leakage of UPSI or suspected leakage of UPSI is provided in Annexure.

#### **13. PENALTY FOR CONTRAVENTION OF THE CODE:**

- 13.1. Any Designated Person who Trades in the Company's Securities or communicates any information for Trading in Securities, in contravention of this Code or the SEBI Insider Trading Regulations, may be penalised and appropriate action may be taken by the

Company. The Company shall inform SEBI promptly in the event that there is any violation of the SEBI Insider Trading Regulations by any person who is subject to this Code.

13.2. Designated Persons who violate this Code shall also be subject to disciplinary action by the Company, which would be determined by the Managing Director. The penalty may include warning, wage freeze, suspension, recovery, clawback, termination, ineligibility for future participation in employee stock option plans, etc.

13.3. Should a contra trade be executed, inadvertently or otherwise, in violation of the restriction imposed in this Code, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to Investor Protection and Education Fund administered by SEBI under the Act.

13.4. The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.

#### **14. 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 the Regulations, by any Designated Person, SEBI will be informed by the Company.

#### **15. COMMUNICATION:**

This Code will be uploaded in the Intranet of the Company. The Code of Fair Disclosure will be uploaded in the website of the Company. This Code will be disseminated to all Designated Persons who shall abide by the same. The responsibility for complying with the provisions of the Regulations shall vest with each Designated Person including any violation by their Immediate Relatives.

Every amendment to the Code of Fair Disclosure shall be promptly intimated to the stock exchanges where the Securities of the Company are listed.

The Compliance Officer can be contacted for any clarification/ assistance in relation to this Code.

#### **16. INTERPRETATION OR CLARIFICATION**

In case any difficulty or doubt arises in the interpretation of this Code, the matter shall be referred to any two Directors and their decision shall be final and binding. If the issue involves any act or matter involving the Chairman, the Chairman of the Audit Committee shall decide upon such issue.

## **17. DISCLAIMER**

This Code is the internal policy of the Company to prevent Designated Persons and Connected Persons who are considered by the Company to be Insiders of the Company for the purposes of the SEBI Insider Trading Regulations, from Trading while in possession of UPSI. It is however the responsibility of each Designated Person and Connected Person to ensure compliance with the provisions of the SEBI Insider Trading Regulations and other related laws. The Company shall not be responsible or liable for any violation or contravention by any Designated Person or Connected Person, of the SEBI Insider Trading Regulations or other related laws.

## **18. REVIEW**

The Compliance with the provisions of these SEBI Insider Trading regulations shall be reviewed periodically by the internal auditors of the Company. The Audit Committee shall also review compliance with the provisions of these SEBI Insider Trading regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

## **19. OTHERS**

- 19.1. The Managing Director is authorized to make minor modifications to this Code which would remove ambiguities, enhance clarity on the provisions of the Code etc. Any major modification to the Code will require authorization by the Board.
- 19.2. Where the Company engages a service provider who is a Connected Person, the head of the department at the Company which engages such Connected Person is responsible for communicating the requirements of this Code to such Connected Person and verify whether such Connected Person has a similar code of conduct applicable to its associates to prevent such persons from misusing UPSI of the Company, as well as the efficacy of implementation of such code by those Connected Persons.

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**CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF  
UNPUBLISHED PRICE SENSITIVE INFORMATION**

[As envisaged under Regulation 8 (1) of SEBI (Prohibition of Insider Trading) Regulations, 2015]

**Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.**

**Kapston Services Limited** (The Company) shall adhere to the following principles in order to ensure timely and adequate disclosure of Price Sensitive Information relating to the events and occurrence that would impact price discovery in the market for equity shares (securities) of the Company.

1. The Company will make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. The Company will make, uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. The Company Secretary and Compliance Officer will be designated chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information (UPS).
4. The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. The Company will ensure that, information, if any, shared with analysts and research personnel is not unpublished price sensitive information.
7. The Board of directors shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. The Company will handle all unpublished price sensitive information on a need-to-know basis.
9. Sharing of information with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors or consultants, shall be considered as "legitimate purposes" for the purpose of sharing unpublished price sensitive information in the ordinary course of business by an insider, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of SEBI (Prohibition of Insider

Trading) Regulations, 2015 and such persons are also required to ensure the confidentiality of unpublished price sensitive information shared with them, in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

10. A structured digital database shall be maintained containing the names of such persons or entities as the case may be with whom information is shared for legitimate purposes along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Adequate and effective system of internal controls and checks will also be laid out to ensure the compliance of maintenance of a digital database for sharing the information for said legitimate purposes.

#### 11. Corporate Disclosures:

CFO/Compliance Officer shall obtain prior approval of Chairman/Managing Director depending upon the nature of sensitivity of the information before releasing to the Stock Exchanges.

In case of any doubt regarding release of information or understanding the nature of unpublished price sensitive information, CFO/Compliance Officer shall consult and seek approval of the Chairman/Managing director or such other person who are experts in the domain.

If any unpublished price sensitive information is accidentally disclosed or disclosed selectively without prior approval, the person responsible for disclosing such information shall inform the Chairman/Managing director and CFO immediately. On receipt of such information CFO/ Compliance Officer in consultation with Chairman/ Managing director shall disclose the same to the stock exchanges and also get the same posted on the website of the Company so as to make such information generally available.

#### 12. Responding to Market Rumours:

The directors and employees of the Company shall promptly refer any queries or requests for verification of market rumours received from the stock exchanges or from the press or media or from any other source to the Compliance Officer/CFO. Replies to all queries or requests for verification of rumours shall be sent only after obtaining the approval of Managing Director/ Chairman.

The CFO/Compliance Officer shall on receipt of requests as aforesaid, consult the Chairman /Managing director and respond to the same without any delay. The replies shall be signed by such other officer as may be authorized in the absence of Compliance Officer.

CFO/ Compliance Officer, in consultation with the Chairman/Managing director shall decide as to the necessity of a public announcement for verifying or denying rumours and thereafter making appropriate disclosures.

All the requests/queries received shall be documented and as far as practicable, the Compliance Officer shall request for such queries/request to be given in writing. The CFO shall oversee corporate disclosures.

#### 13. Disclosure/dissemination of unpublished price sensitive information with special reference to Analysts, Research Personnel and Institutional Investor.



The Directors, Officers, and Employees of the Company shall provide only public information to the analysts/research personnel/large investors like financial institutions, private equity etc.

In case, non-public information is proposed to be provided, by the Directors, Officers and Employees, the person proposing to provide information shall consult Chairman/Managing director and CFO in advance. The CFO in consultation with the Chairman/Managing director in such cases, shall ensure that the information provided to the analysts/research personnel/investors as above is made public simultaneously with such disclosure.

#### 14. Handling of unanticipated questions:

The Company shall take extreme care and caution when dealing with analysts' questions and defer issues outside the intended scope of discussion.

Managing director/ CFO should tackle the unanticipated questions carefully. The unanticipated questions may be noted and considered response may be given later on in consultation with the Board/Chairman/Managing director, as the case may be. If answer to any question requires dissemination of Price Sensitive Information, the Chairman/Managing director/CFO/Compliance Officer shall ensure that the same shall be disseminated to the Stock Exchanges and uploaded on the website of the Company to make it generally available, before responding to the question raised by the analysts, research personnel etc.

15. The Company will make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the website of the Company to ensure official confirmation and documentation of disclosures made.

#### 16. Medium of Disclosure/dissemination of unpublished price sensitive information:

The unpublished price sensitive information filed by the Company with the Stock exchanges under the listing regulations shall also be posted on the Company's website.

17. Norms for installation of Chinese wall procedures to control the flow of information and to prevent the misuse of confidential information.

The following departments/units/heads are treated as separate areas for the purpose of Chinese Wall procedures:

Finance & Accounts.

IT.

Marketing/Purchases.

Heads of Branches .

The employees in the respective areas shall not communicate any price sensitive information to the other areas. In exceptional circumstances the employees in the restricted areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

Compliance Officer or Head of the Department or any KMP alone are entitled to cross the wall.

## **POLICY GOVERNING THE PROCEDURE OF INQUIRY IN CASE OF ACTUAL OR SUSPECTED LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

### **1. PURPOSE**

The Policy is framed to lay down the procedure for inquiry in case of any leak, actual or suspected, of the Unpublished Price Sensitive Information (“UPSI”) of Kapston Services Limited, in pursuance of Regulation 9A(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 for initiating appropriate action on becoming aware of such leak and for informing the Securities and Exchange Board of India promptly of such leaks, inquiries and results of such inquiries.

### **2. EFFECTIVE DATE**

This Policy shall come into force on April 1, 2019.

### **3. DEFINITION OF CERTAIN TERMS**

- 3.1. ‘Leak of UPSI’ shall refer to such act/circumstance(s) by virtue of which an UPSI is made available or becomes available, by any means or mode to any person other than person(s) authorized by the Board or Chief Investor Relations Officer after following the due process prescribed in this behalf in the Code of Practices for Fair Disclosure of the Company and/or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Prohibition of Insider Trading) Regulations, 2015 and any amendment, re-amendment or re-enactment thereto before its official publication or announcement or formal circulation in public domain including a purported attempt thereof –.
- 3.2. ‘All terms used here shall have the same meaning as defined under the Company’s Code of Conduct to regulate, monitor and report trading by insiders in securities.

### **4. OBJECTIVES:**

The objectives of the Policy are:

- (a) To strengthen the internal control system to prevent leak of UPSI;
- (b) To restrict and prohibit sharing of UPSI, with an unauthorized person, which originates from within the Company and which affects the market price of the Company’s securities as well as loss of reputation and investors’/ stakeholders’ confidence in the Company;
- (c) To have a uniform code to curb unethical practice of sharing UPSI by Insiders, Employees and Designated Persons with any person, firm, company or body corporate;

- (d) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and inform the same to SEBI promptly; &
- (e) To take disciplinary action, if deemed fit against any Insiders, Employees & Designated Persons found guilty of violating the Policy apart from any other action, as appropriate, that SEBI may initiate/take against the Insiders, Employees & Designated Persons.

## **5. RESPONSIBILITY OF CHIEF INVESTOR RELATIONS OFFICER**

5.1. The Chief Investor Relations Officer shall be responsible to

- (i) Oversee the compliance of this Policy;
- (ii) Report any incidents of actual or suspected leak of UPSI to the Enquiry Committee;
- (iii) Instruct and facilitate the Compliance Officer in reporting incidents of actual or suspected leak of UPSI to SEBI;
- (iii) Instruct and facilitate the Compliance Officer in communicating incidents of actual or suspected leak of UPSI to the Stock Exchanges; &
- (iv) Perform such other responsibilities and actions as the Board may require him to do, from time to time, under this Policy or the Code of Practices for Fair Disclosure of the Company.

5.2 The Chief Investor Relations Officer shall be authorized to seek such information from the Insiders, Employees and Designated Persons as may be required to ensure or verify compliance with this Policy and the SEBI Insider Trading Regulations and to give such permissions or approvals as are specified in this Policy.

Note : For the purpose of this Regulation Chief Investor Relations Officer is the “Chief Financial Officer” of the Company.

## **6. RESPONSIBILITY OF COMPLIANCE OFFICER**

6.1 The Compliance Officer shall be responsible to

- (i) Facilitate the Chief Investor Relations Officer in ensuring the compliance of this Policy;
- (ii) Report the incidence of actual or suspected leak of UPSI to SEBI;
- (iii) Communicate the incidents of actual or suspected leak of UPSI to the Stock Exchanges;
- (iv) Co-ordinate with the Chief Investor Relations Officer in facilitating disclosure of the relevant facts of the incidence of actual or suspected leak of UPSI to the Enquiry Committee; &
- (v) Perform such other responsibilities and actions as the Board may require him to do, from time to time, under this Policy or the Code of Practices for Fair Disclosure of the Company.

6.2 The Compliance Officer shall assist the Insiders, Employees and Designated Persons in addressing any clarifications regarding the SEBI Insider Trading Regulations and this Policy.

6.3 In the absence of the Compliance Officer for any reason, any senior officer, reporting to the Board or the Managing Director, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance, shall carry out the responsibilities of the Compliance Officer as required under this Policy and the Regulations.

## **7. CONSTITUTION OF ENQUIRY COMMITTEE**

7.1 The Company shall constitute a Committee called the “Enquiry Committee” to look into and handle allegation of actual or suspected leak of UPSI.

The Enquiry Committee shall consist of at least 3 (three) Members viz., the Chief Investor Relations Officer, the Compliance Officer and the Managing Director.

7.2 In case of any allegation against any of the members of the Enquiry Committee, the matter shall be referred to the Audit Committee for investigation.

7.3 The Enquiry Committee shall be responsible:

- (a) To conduct a preliminary enquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any;
- (b) To authorize any person, if required, to collect necessary support material;
- (c) To consider the facts and circumstances and decide / direct on the matter;
- (d) To decide on the disciplinary action thereon; &
- (e) To consider such other matter(s) as may be required by the Board.

## **8. PROCEDURE FOR ENQUIRY INTO ACTUAL OR SUSPECTED LEAK OF UPSI**

8.1 The Enquiry Committee shall follow the below procedure in enquiring or investigating any actual or suspected leak of UPSI, on becoming aware of an actual or suspected leak of UPSI, on its own or otherwise, by any Promoter, Director, Key Managerial Person, Insider, Employee, Designated Person or any other person:

### **(a) Take cognizance of the matter**

Within a period of 7 (seven) working days of becoming aware of an incident of actual or suspected leak of UPSI, the Enquiry Committee shall meet to take cognizance of the matter and decide on the following:

- i) If it finds the allegation to be frivolous or not maintainable or not within the scope, then to dismiss the same, or
- ii) If it finds the matter requires further investigation, to initiate a preliminary enquiry thereon.

### **(b) Conduct a preliminary enquiry**

The purpose of conducting a preliminary enquiry is to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to embark on action as may be warranted.

In order to initiate/conduct an enquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI, the Enquiry Committee may, if required, appoint/authorise the Chief

Investor Relations Officer or any other person(s), as it may deem appropriate, to initiate/conduct an enquiry to collect the relevant facts, material substances on the actual or suspected leak of UPSI.

Within 5 working days of becoming aware of the incident or allegation and based on the merit of the case, the Committee shall write to the complainee intimating the details of the complaint requesting him or her to give a written representation within 4 working days of the receipt of the letter.

On receipt of the written representation, the Committee shall proceed to investigate the matter and for such purpose may consult such persons, whether internal or otherwise, as they may feel expedient in this regard.

During the course of the investigation, the Committee may call for additional information as they may deem fit.

If no representation is received from the complainee within the stipulated time, the Committee shall issue notice to the complainee asking him to show cause as to why the company should not initiate disciplinary proceedings as applicable against him/her.

### **(c) Action**

On the basis of the investigation report the Enquiry Committee shall decide on appropriate disciplinary action against the persons(s) found to be guilty in the matter. The action of the Committee may include but not be limited to warning, wage freeze, suspension, ineligibility for future participation in ESOP, recovery and termination.

## **9. INTERPRETATION OR CLARIFICATION**

In case any difficulty or doubt arises in the interpretation of this Policy, the matter shall be referred to the Chief Investor Relations Officer and his/her decision shall be final and binding.

## **10. DISCLAIMER**

This Policy is the internal policy of the Company to provide for the procedure for inquiry in case of any actual or suspected leak of UPSI. It is however the responsibility of each Insiders, Employees & Designated Persons to ensure compliance with the provisions of the SEBI Insider Trading Regulations and other related laws. The Company shall not be responsible or liable for any violation or contravention by any of the Insiders, Employees & Designated Persons of the SEBI Insider Trading Regulations and other related laws.

## **11. OTHERS**

- 11.1. The Chairman of the Board is authorized to make minor modifications to this Policy which would remove ambiguities, enhance clarity on the provisions etc. Any major modifications to the Policy however will require prior authorization by the Board.
- 11.2. Where the Company engages a service provider who is a Connected Person, the head of the department at the Company, which engages such Connected Person is responsible for communicating the requirements of this Policy to such Connected Person and verify whether such Connected Person has a similar Policy applicable to its employees to prevent such persons from misusing UPSI of the Company, as well as the efficacy of implementation of such Policy by those Connected Persons.

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