

# KWALITY CREDIT & LEASING LIMITED

## CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS

(Effective from 15<sup>th</sup> May 2015)

### Background

"Insider Trading" in general means an act of dealing in the securities of a Company based on some unpublished price sensitive information to which a person may be privy to. The Securities and Exchange Board of India (SEBI), has issued the SEBI (Prohibition of Insider Trading) Regulation, 1992 ("the Regulations") by which Insider Trading has been prohibited in India. The Regulations require all the listed Companies to set up an appropriate mechanism and to frame and enforce a policy of internal procedures and conduct so as to curb Insider Trading. In compliance with the above requirements, Kwaliti Credit & Leasing Limited framed an Insider Trading Policy.

SEBI vide its Circular No. LD-NRO / GN / 2014-15 / 21 /85, dated 15<sup>th</sup> January, 2015, has introduced SEBI (Prohibition of Insider Trading) Regulations, 2015, to be effective from 15<sup>th</sup> May, 2015.

Chapter – IV of SEBI (Prohibition of Insider Trading) Regulation, 2015, Regulation 9, provides for the formulation of a "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" (hereinafter referred to as the "Code").

This Code shall be applicable upon all Designated Employees of the Company and connected persons designated on the basis of their functional role (hereinafter referred to as "designated persons") with effect from 15<sup>th</sup> May, 2015 and once this code comes into effect the existing "Code of Conduct for Prevention of Insider Trading" shall annul.

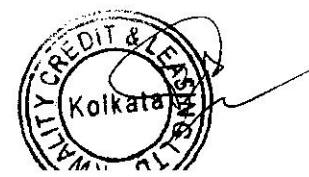
This Code intends to formulate principles of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B of the Regulation without diluting any of the provisions therefo.

The Compliance Officer, subject to the approval of the Board of Directors, reserves the right to amend or modify this Code in whole or in part, at any time without assigning any reason whatsoever. The same should, however be, notified in writing to the specified persons.

Any subsequent modification and / or amendments brought about by SEBI in the SEBI (Prohibition of Insider Trading) Regulation, 2015 shall automatically apply to this Code.

### Definitions

1. **"Act"** means the Securities and Exchange Board of India Act, 1992 including any statutory modifications or re-enactment thereof.
2. **"Regulation"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including any statutory modifications or re-enactment thereof.
3. **"SEBI"** means the Securities and Exchange Board of India.
4. **"Stock Exchange"** means a stock exchange which is recognised by the Central Government or Securities and Exchange Board of India under section 4 of Securities Contracts (Regulation) Act, 1956.
5. **"Code"** means this Code of Conduct for Prevention of Insider Trading, as modified from time to time.



6. "Company" means Kwaliti Credit & Leasing Limited

7. "Compliance Officer" means Managing Director 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.

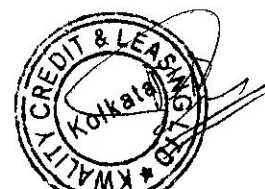
8. "Connected Person" means:-

(i) any person who is or has during the six months prior to the concerned act been associated with the 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;

[Note: — It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information]



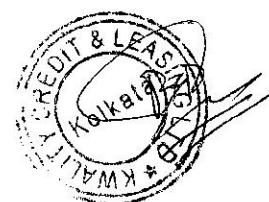
9. **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis;

*[Note: — It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.]*

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. This term shall also be deemed to include persons falling in the definition of "Relative" as defined in Section 2(77) of the Companies Act, 2013, read with the Companies (Specification of definitions details) Rules, 2014 (including any statutory modification or re-enactment made thereof);
11. **"Insider"** means any person who is:
- (i) a connected person; or
  - (ii) in possession of or having access to unpublished price sensitive information;

*[Note: — Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.]*

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;
13. **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
14. **"Dealing in securities"** shall be construed to derive its meaning from Section 12A(e) and Section 15G of the Act.
15. **"Specified"** means specified by the Board in writing;
16. **'Designated Employee'** shall mean:
- i. Managing Director, Whole-time Directors and other Executive and Non-executive Directors
  - ii. All employees of the Company at Manager Level and above
  - iii. Every employee of Accounts, Finance, Internal Audit, Legal and Secretarial Departments, as well as in the Offices of the Chairman/Managing Director/Executive Director by whatever name designated



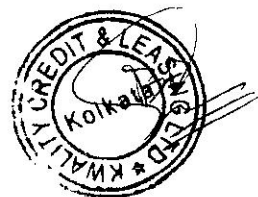
- iv. Relatives of the aforesaid persons
  - v. Employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable;
17. **'Designated Persons'** means Designated Employees and Connected Persons on the basis of their functional role in the Company.
18. **"Takeover Regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
19. **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly

**[Note: — Under the parliamentary mandate, since the Section 12A (e) and Section 15G of the Act employs the term 'dealing in securities', it is intended to widely define the term "trading" to include dealing. Such a construction is intended to curb the activities based on unpublished price sensitive information which are strictly not buying, selling or subscribing, such as pledging etc when in possession of unpublished price sensitive information.]**

20. **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;
21. **"Unpublished Price Sensitive Information"** 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 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, delistings, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel; and
  - (vi) material events in accordance with the listing agreement.
  - (vii) any major expansion plans or execution of new projects.
  - (viii) any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.

**[Note: — It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.]**

22. Words and expressions used and not defined in these Regulations shall have the same meaning as contained in SEBI (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India Act, 1992, including any statutory modification(s) or re-enactment(s) made thereon from time to time.



## Role of Compliance Officer

1. The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Director.
2. He shall assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct.
3. He shall from time to time inform the Stock Exchanges of any price sensitive information on immediate basis.
4. She shall intimate to all Stock Exchanges on which the securities of the Company are listed the relevant information received.

## Preservation of "Price Sensitive Information"

1. All information shall be handled within the Company on a need-to-know basis, Chinese Wall Procedure and by limiting the access to confidential information. No unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.

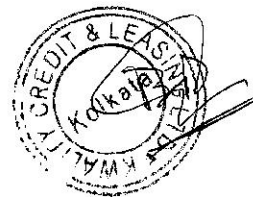
- i. **"need to know"** basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

All non-public information directly received by any employee should immediately be reported to the head of the department.

- ii. **"Limited access to confidential information"** Files containing confidential information shall be kept secure.
- iii. **"Chinese Wall procedures"** To prevent the misuse of confidential information, a "Chinese Wall" policy shall be followed whereby, those areas of the organization which routinely have access to confidential information, (hereinafter referred to as "insider areas"), shall be separated from those areas which deal with sale/marketing/investment advice or other departments providing support services (hereinafter referred to as "public areas"). The employees in the inside area shall not communicate any Price Sensitive information to anyone in public area.

## Notional Trading Window and Window Closure

Designated persons may execute trades subject to compliance with the Regulation. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. 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.



When the trading window is closed, the Designated persons and specified persons shall not trade in the Company's securities in such period. All the Designated and specified persons 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 the trading window is closed, as may be by the Company from time to time.

*In case of ESOPs (Employee Stock Option Plan), exercise of option may be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when Trading Window is closed.*

The date of intimation to the Stock Exchange regarding the date of Board Meeting/ Committee Meeting/ General Meeting for the aforesaid purpose(s) shall be the effective date of commencement of closure of the trading window.

The trading window shall be opened 48 hours after the price sensitive information is made public.

The Compliance Officer shall intimate the closure of trading window to all the designated employees of the Company when he 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.

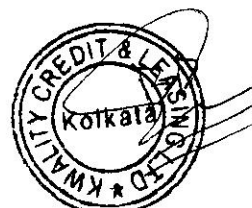
The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as stipulated in Pre-Clearance of Trades Clause. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

### **Pre-clearance of trades**

Every Designated Person intending to deal in the securities of the Company in excess of traded value of Rupees Ten Lakhs or such other modified threshold limit which may be provided by the Board of Directors, by the value as may whether in one transaction or a series of transactions over any calendar quarter should pre-clear the transactions as per the pre-dealing procedure as provided hereunder:

- i. An application may be made in the prescribed Form (Annexure 1) to the Compliance officer indicating the estimated number of securities that the Specified Employee intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.
- ii. The applicant shall execute an undertaking in Form (Annexure 2) in favour of the Company, incorporating, therein, inter alia, the following clauses, as may be applicable :
  - a. That the said applicant does not have any access or has not received Price Sensitive Information upto the time of signing the undertaking ;
  - b. That in case the applicant 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/her 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 any provisions of this Code, as may be notified by the Company from time to time ;
  - d. That he/she has made a full and true disclosure in the said matter.
- iii. The trades that have been pre-cleared have to be executed by the Designated Person within seven trading days of pre-clearance, failing which fresh pre-clearance would be needed for the trades to be executed. Subsequent to the pre-clearance, once the trading is accomplished, the applicant shall provide a report of trades executed, in Form (Annexure 3) within seven days of execution.
  - iv. The Compliance Officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as a basis for approving or rejecting applications for pre-clearance of trades.
  - v. In case the applicant does not trade after securing pre-clearance, he/she will have to report the same along with the reasons thereto in (Annexure 4) within seven days of obtaining pre-clearance
  - vi. no designated person shall be entitled to apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed and hence he shall not be allowed to trade.
  - vii. A designated person who is permitted to trade shall not execute a contra trade for at least six months.
  - viii. The compliance officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the Regulation.
  - ix. If a 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 the SEBI under the Act.

### Trading Plans

Regulation 5 provides that:

- a. An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

*[Note: — This provision intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed in future. By doing so, the possession of unpublished price sensitive information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the unpublished price sensitive information came into being.]*

- a. Such trading plan shall:—
  - i. not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;

*[Note: — It is intended that to get the benefit of a trading plan, a cool-off period of six months is necessary. Such a period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. It is also*



*considered to be a reasonable period for a time lag in which new unpublished price sensitive information may come into being without adversely affecting the trading plan formulated earlier. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same unpublished price sensitive information both at the time of formulation of the plan and implementation of the same.]*

- 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;

*[Note: — Since the trading plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of unpublished price sensitive information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate unpublished price sensitive information.]*

- iii. entail trading for a period of not less than twelve months;

*[Note: — Since the trading plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of unpublished price sensitive information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate unpublished price sensitive information.]*

- iv. not entail overlap of any period for which another trading plan is already in existence;

*[Note: — It is intended that it would be undesirable to have multiple trading plans operating during the same time period. Since it would be possible for an insider to time the publication of the unpublished price sensitive information to make it generally available instead of timing the trades, it is important not to have the ability to initiate more than one plan covering the same time period.]*

- 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

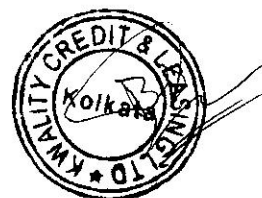
*[Note: — It is intended that while regulations should not be too prescriptive and rigid about what a trading plan should entail, they should stipulate certain basic parameters that a trading plan should conform to and within which, the plan may be formulated with full flexibility. The nature of the trades entailed in the trading plan i.e. acquisition or disposal should be set out. The trading plan may set out the value of securities or the number of securities to be invested or divested. Specific dates or specific time intervals may be set out in the plan.]*

- vi. not entail trading in securities for market abuse.

*[Note: — Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse. For instance, in the event of manipulative timing of the release of unpublished price sensitive information to ensure that trading under a trading plan becomes lucrative in circumvention of regulation 4 being detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003.]*

- b. The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

*[Note: — It is intended that the compliance officer would have to review and approve the plan. For doing so, he may need the insider to declare that he is not in possession of unpublished price sensitive information or that he would ensure that any unpublished price sensitive information in his possession*





*becomes generally available before he commences executing his trades. Once satisfied, he may approve the trading plan, which would then have to be implemented in accordance with these regulations.]*

- c. The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

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

*[Note: — It is intended that since the trading plan is an exception to the general rule that an insider should not trade when in possession of unpublished price sensitive information, changing the plan or trading outside the same would negate the intent behind the exception. Other investors in the market, too, would factor the impact of the trading plan on their own trading decisions and in price discovery. Therefore, it is not fair or desirable to permit the insider to deviate from the trading plan based on which others in the market have assessed their views on the securities.]*

*The proviso is intended to address the prospect that despite the six-month gap between the formulation of the trading plan and its commencement, the unpublished price sensitive information in possession of the insider is still not generally available. In such a situation, commencement of the plan would conflict with the over-riding principle that trades should not be executed when in possession of such information. If the very same unpublished price sensitive information is still in the insider's possession, the commencement of execution of the trading plan ought to be deferred.]*

- d. Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

*[Note: — It is intended that given the material exception to the prohibitory rule in regulation 4, a trading plan is required to be publicly disseminated. Investors in the market at large would also factor the potential pointers in the trading plan in their own assessment of the securities and price discovery for them on the premise of how the insiders perceive the prospects or approach the securities in their trading plan.]*

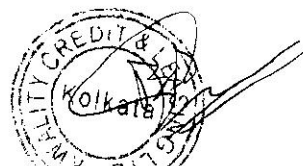
### **Restrictions on Communication and Trading by Insiders**

The Regulation provides that:

- a. *Communication or procurement of unpublished price sensitive information*
  - i. Disclosure of interest or holding by certain persons – No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

*[Note: — This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organizations developing practices based on need-to-know principles for treatment of information in their possession.]*

- ii. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.



**[Note: — This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision]**

- i. Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:—
  - A. entail 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 proposed transaction is in the best interests of the company.

**[Note: — It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.]**

- B. not attract 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 proposed transaction 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.

**[Note: — It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations if it is in the best interests of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.]**

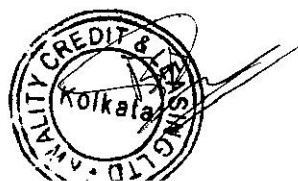
- ii. For purposes of Regulation 3 (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of Regulation 3 (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

**b. Trading when in possession of unpublished price sensitive information.**

- i. No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

Provided that the insider may prove his innocence by demonstrating the circumstances including the following : —

- A. The transaction is an off-market inter-se transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;
- B. In case of non-individual insiders: —
  1. the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were



not in possession of such unpublished price sensitive information when they took the decision to trade; and

2. appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- C. The trades were pursuant to a trading plan set up in accordance with regulation 5.

**[Note: — When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition]**

- ii. In the case of connected persons, the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on SEBI.
- iii. SEBI may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

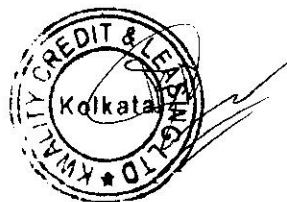
#### **Disclosure of Trading by insiders**

##### **1. Initial Disclosure**

- i. Every promoter/ Key Managerial Personnel / Director / Officers / Designated Employees 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.
- ii. 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 in the prescribed Form (Annexure 5).

##### **2. Continual Disclosure**

- i. Every promoter, employee 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 in the prescribed Form (Annexure 6) 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. Ten lakhs.
- ii. Particulars of same shall be notified by the Company within 2 days of the receipt of intimation to all Stock Exchanges on which the Company is listed.



### **3. Disclosures by other connected persons**

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

**[Note: — This is an enabling provision for listed companies to seek information from those to whom it has to provide unpublished price sensitive information. This provision confers discretion on any company to seek such information. For example, a listed company may ask that a management consultant who would advise it on corporate strategy and would need to review unpublished price sensitive information, should make disclosures of his trades to the company.]**

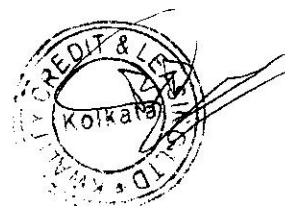
Any subsequent amendment and/or modification made by SEBI in this regard shall automatically apply to this Code.

### **Penalty for contravention of the Code of Conduct**

1. Every Specified Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).
2. Any Specified Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalised and appropriate action may be taken by the Company.
3. Specified Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.
4. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

### **Medium of disclosure to Stock exchange and investors**

1. Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
2. Disclosure to stock exchanges shall be made promptly.
3. This Code shall be published on the official website of the Company.



**ANNEXURE 1**

**SPECIMEN OF APPLICATION FOR PRE-CLEARANCE APPROVAL**

Date:

To, The Compliance Officer,  
Kwality Credit & Leasing Limited,  
27, Weston Street,  
5<sup>th</sup> Floor, Room No. 526,  
Kolkata – 700 001

Dear Sir/Madam,

**Application for Pre-dealing approval in securities of the Company**

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

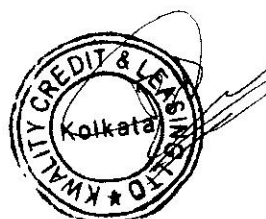
Serial No.	Particulars	Disclosure
1.	Name of the applicant	
2.	Designation	
3.	Number and value of securities in the Company held as on date (with folio/DP ID/Client ID No.)	
4.	Nature of securities held	<ul style="list-style-type: none"> <li>• Equity</li> <li>• Debenture</li> <li>• Other Securities(mention the nature)</li> </ul>
5.	Mode in which the securities are held	
6.	The Proposal is for	<ul style="list-style-type: none"> <li>• Purchase of securities</li> <li>• Subscription to securities</li> <li>• Sale of securities</li> </ul>
7.	Proposed date of dealing in securities	
8.	Estimated number of securities proposed to be acquired / subscribed / sold	
9.	Price at which the transaction is proposed	
10.	Current market price (as on the date of application)	
11.	Whether the proposed transaction will be through stock exchange or off market deal	
12.	Proposed mode of dealing in securities	<ul style="list-style-type: none"> <li>• Physical</li> <li>• Dematerialised</li> </ul>
13.	If securities are held/proposed to be dealt in dematerialised form	
14.	Name of the Depository DP ID Number Client ID number	

I enclose herewith the form of Undertaking signed by me.

Yours faithfully,

\_\_\_\_\_  
(Signature of the Applicant)

Place:  
Date:



ANNEXURE 2

FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE  
APPLICATION FOR PRE-CLEARANCE

To,  
The Compliance Officer,  
Kwality Credit & Leasing Limited,  
27, Weston Street,  
5<sup>th</sup> Floor, Room No. 526,  
Kolkata – 700 001

I, \_\_\_\_\_, of the Company residing at \_\_\_\_\_, am desirous of dealing in \_\_\_\_\_ \* shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

In relation to the above Dealing, I undertake that:

- a. I have no access to nor do I have any information that could be construed as "Price Sensitive Information" as defined in the Code upto the time of signing this undertaking;
- b. In the event that I have access to or received any information that could be construed as "Price Sensitive Information" as defined in the Code, after signing the undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public;
- c. I have not contravened the provisions of the Code of conduct for prevention of insider trading as notified by the Company from time to time;
- d. I have made full and true disclosure in the matter;
- e. I hereby declare that I shall execute my order in respect of securities of the Company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, I undertake to obtain pre-clearance for the transaction again.

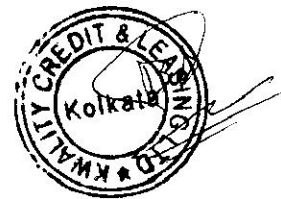
Signature

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\* Indicate number of shares

\*strike whichever is not applicable



ANNEXURE 3

FORMAT OF DISCLOSURE OF TRADE EXECUTED PURSUANT TO THE PRE-CLEARANCE PROVIDED BY THE COMPANY

Date:

To, The Compliance Officer,  
Kwality Credit & Leasing Limited,  
27, Weston Street,  
5<sup>th</sup> Floor, Room No. 526,  
Kolkata – 700 001

Dear Sir/Madam,

STATEMENT OF DEALINGS IN SECURITIES OF KWALITY CREDIT & LEASING LTD.

Pursuant to the Pre-clearance obtained from you on \_\_\_\_\_, I along with my Dependents have undertaken the following transactions in the Securities of the Company:

Description of Security:

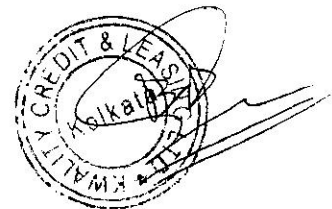
Name of Holder(s) with folio number / DP ID & Client ID	Nature of Transaction	Date of the Transaction	Number of Securities	Price at which Transaction undertaken	Holding post the Transaction

Yours faithfully,

Signature :

Name :

Department/Division :



ANNEXURE 4

FORMAT OF DISCLOSURE OF NON-TRADING PURSUANT TO THE PRE-CLEARANCE  
PROVIDED BY THE COMPANY

Date: \_\_\_\_\_

To, The Compliance Officer,  
Kwality Credit & Leasing Limited,  
27, Weston Street,  
5<sup>th</sup> Floor, Room No. 526,  
Kolkata – 700 001

Dear Sir/Madam,

**INTIMATION OF NON-TRADING IN SECURITIES ON OBTAINING PRE-CLEARANCE**

This is to inform that pursuant to my application submitted to you on \_\_\_\_\_ for obtaining Pre-clearance of trade, to trade in securities to the extent of Rupees \_\_\_\_\_, \_\_\_\_\_ number of securities, the Company granted me Pre-clearance for the same on \_\_\_\_\_. However, I did not execute the trading within seven days of obtaining the Pre-clearance, due to the reasons as accounted below:-

Reasons for non-execution of trade on having obtained pre-clearance:

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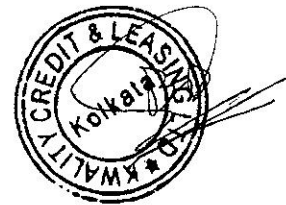
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Yours faithfully,

Signature :

Name :

Department/Division :





ANNEXURE 5

FORMAT FOR INITIAL DISCLOSURE OF DETAILS OF SHARES BY  
DESIGNATED PERSONS AND THEIR DEPENDANTS

Date: \_\_\_\_\_

To, The Compliance Officer,  
Kwality Credit & Leasing Limited,  
27, Weston Street,  
5<sup>th</sup> Floor, Room No. 526,  
Kolkata – 700 001

Dear Sir/Madam,

I. Details of Securities held by me with my dependants

Description of Security:

Name of Holder	Date of Acquisition	Relationship with the Designated Employees (in case of dependants)	Physical Holdings		Electronic Holdings		
			Folio No.	Total holdings	DP ID	Client ID	Total holdings

I hereby declare that the security accounts/ folio numbers mentioned above are the only Identified Accounts belonging to me or my dependant family members and there are no other undeclared security accounts/ folio numbers.

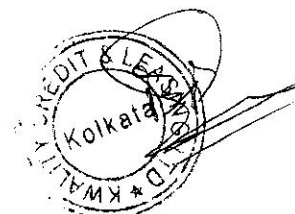
I also undertake to furnish details of any changes in the above information within 48 hours of my knowledge, failure of which would attract penal provisions under the Policy.

Yours truly,

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Department/Division: \_\_\_\_\_



ANNEXURE 6

FORMAT FOR CONTINUAL DISCLOSURE OF DETAILS OF SHARES BY  
DESIGNATED PERSONS AND THEIR DEPENDANTS

Date: \_\_\_\_\_

To, The Compliance Officer,  
Kwality Credit & Leasing Limited,  
27, Weston Street,  
5<sup>th</sup> Floor, Room No. 526,  
Kolkata – 700 001

Dear Sir/Madam,

STATEMENT OF SHAREHOLDING IN KWALITY CREDIT & LEASING LTD.

As on \_\_\_\_\_, I along with my Dependents hold the Securities of the Company, details whereof are as under:

Description of Security:

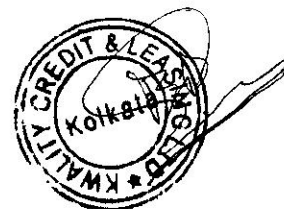
Name of Holder	Physical Holdings		Electronic Holdings		
	Folio No.	Total holdings	DP ID	Client ID	Total holdings

Yours truly,

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Department/Division: \_\_\_\_\_



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

At Kwaliti Credit & Leasing Ltd., (the "Company") practices to manage the affairs of the Company are based on the principles of adoption of transparent procedures and practices and complete and timely disclosures of corporate, financial and operational information to its stakeholders.

### **Background**

SEBI vide its Circular No. LD-NRO / GN / 2014-15 / 21 / 85, dated 15<sup>th</sup> January, 2015, has introduced SEBI (Prohibition of Insider Trading) Regulations, 2015, to be effective from 15<sup>th</sup> May, 2015.

Chapter – IV of SEBI (Prohibition of Insider Trading) Regulation, 2015 , Regulation 9 , provides for the formulation of a "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" (hereinafter referred to as the "Code").

This Code shall be applicable upon the Members of the Board of Directors of the Company with effect from 15<sup>th</sup> May, 2015.

This Code intends to formulate a code of practices and procedure for fair disclosure of unpublished price sensitive information that it would follow in order to adhere and adopt the minimum standards to each of the principles set out in Schedule A of the Regulation without diluting any of the provisions thereto.

Any subsequent modification and / or amendments brought about by SEBI in the SEBI (Prohibition of Insider Trading) Regulation, 2015 shall automatically apply to this Code.

This Code shall be published on the official website of the Company.

Further, this Code and every subsequent amendment made thereto shall be promptly intimated to the Stock Exchange where the securities of the Company are listed.

### **Principles**

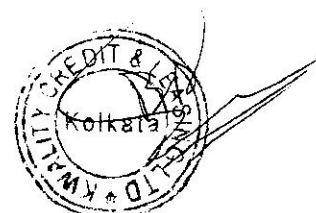
There shall be a prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being, in order to make such information generally available.

The uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure shall be ensured.

Unless otherwise resolved by the Board of Directors, the Managing Director of the Company shall act as the Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.

There shall be prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

Appropriate and fair response shall be provided against queries on news reports and requests for verification of market rumours by regulatory authorities.



The Board of Directors shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.

Best practices will be followed 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.

Unpublished price sensitive information shall be followed on a need-to-know basis.

**Medium of disclosure to Stock exchange and investors**

1. Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
2. Disclosure to stock exchanges shall be made promptly.
3. This Code shall be published on the official website of the Company.

