

# Code of Conduct for the employees of Almondz Capital & Management Services Ltd for the prevention of Insider Trading

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The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter *Regulations*), are applicable to:

1. Almondz Capital & Management Services Ltd (*hereinafter ACMS*), all its employees (both permanent and temporary) and their relatives, all its directors and their relatives, ACMS's auditors and others who have a professional or business relationship with ACMS

and

2. All Group companies (companies under the same management or group or any subsidiary company) of ACMS, Group companies' employees (both permanent and temporary) and their relatives, all their directors and their relatives, Group companies' auditors and others who have a professional or business relationship with Group companies

All the entities at 1 & 2 above are Insiders for the purpose of the Regulations.

The Regulations stipulate that no Insider shall –

- either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information; or
- Communicate, counsel or procure, directly or indirectly, any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities.
- No company shall deal in the securities of another company or associate of that other company while in possession of any unpublished price sensitive information.
- **"dealing in securities"** means an act of subscribing, buying, selling or agreeing to subscribe, to buy, sell or deal in any securities by any person either as principal or agent;
- **"price sensitive information"** means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company; The following shall be deemed to be price sensitive information: -
  - (i) periodical financial results of the company;
  - (ii) intended declaration of dividends (both interim and final);
  - iii) issue of securities or buy-back of securities;
  - (iv) any major expansion plans or execution of new projects;
  - (v) amalgamation, mergers or takeovers;
  - (vi) disposal of the whole or substantial part of the undertaking;

(vii) any significant changes in policies, plans or operations of the company.

Any insider, who deals in securities, in contravention of the provisions of Insider Regulations, shall be guilty of Insider trading.

Under these Regulations, all listed companies and organisations associated with securities markets shall

- i. frame a code of internal procedures and conduct applicable to all their employees and directors,
- ii. abide by a SEBI laid down Code of Corporate Disclosure Practices, and
- iii. shall adopt appropriate mechanisms and procedures to enforce the two.

Since ACMS is both a listed company as well as a company associated with the securities markets, and further ACMS has companies in its Group which are also associated with the securities markets, we are laying down the following code of conduct for prevention of Insider trading (part I) and Code of Corporate Disclosure Practices (part II). Both Codes come into immediate effect and replace all our existing regulations on Insider Trading and Corporate Disclosure Practices. This preamble and the definitions it contains are to be read as part of the said two Codes.

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## **Part I: Code of Conduct for the prevention of Insider Trading**

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### **More Definitions:**

**'Company'** means Almondz Capital & Management Services Ltd.;

**'Compliance Officer'** means the Company Secretary of the Company;

**Designated Employee'** shall mean all employees (both temporary and permanent) of ACMS

**'Insider'** means any person who is or was a "Connected Person" or a "Deemed Connected Person" and who is reasonably expected to have access, connection, to unpublished price sensitive information in respect of securities of a company, or who has received or has had access to such unpublished price sensitive information.

**'Insider Trading'**: When insiders use unpublished price sensitive information to deal in securities on any stock exchange, either on their own behalf or on behalf of any other person, the action is referred to as insider trading.

**"Connected Person"** means any person who is a director, officer, employee of the company or holds a position involving a professional or business relationship between himself and the company [whether temporary or permanent] and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that

company; (the words “connected person” shall mean any person who is a connected person six months prior to an act of insider trading).

**“Deemed Connected Persons” -**

- (i) is a company under the same management or group or any subsidiary company thereof within the meaning of section (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be; or
- (ii) is an intermediary as specified in section 12 of the Act, Investment company, Trustee Company, Asset Management Company or an employee or director thereof or an official of a stock exchange or of clearing house or corporation.
- (iii) is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub- broker, Investment Company or an employee thereof, or, is a member of the 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 who have a fiduciary relationship with the company;
- (iv) is a member of the Board of Directors, or an employee, of a public financial institution as defined in Section 4A of the Companies Act, 1956; or
- (v) is an official or an employee of a self Regulatory Organisation recognised or authorised by the Board of a regulatory body; or
- (vi) is a relative of any of the aforementioned persons;
- (vii) is a banker of the company.
- (viii) relatives of the connected person;
- (ix) is a concern, firm, trust, Hindu Undivided Family, company or association of persons wherein any of the connected persons or any of the persons mentioned in sub-clauses (vi), (vii) or (viii) of this clause have more than 10% of the holding or interest.

**"Relative"** means a person, as defined in section 6 of the Companies Act, 1956 (1 of 1956) (as per annexure 1)

**'Dependent Family Members'** shall mean directors'/ employee's (i) spouse, (ii) children, (iii) parents, and (iv) minor brothers and sisters dependent wholly or mainly on such director/employee;

**“Unpublished”** means information which is not published by the company or its agents and is not specific in nature.

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This code shall apply to all employees (both permanent and temporary) and their relatives and all directors and their relatives. A copy of SEBI’s (Prohibition of Insider Trading) Regulations, 1992 is annexed for the information of each of the employees and the directors.

The Managing Director of ACMS would be the compliance officer for this Code and he shall report directly to the Board of Directors.

The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of “Price Sensitive Information”, pre-clearing of employees’ and their dependents’ trades (directly or through respective department heads, as decided by the Board or by him from time to time), monitoring of trades, and the implementation of the code of conduct under the overall supervision of the Board.

He shall maintain a record of all employees and any changes made in the list of employees and would be updated in this regard by HR.

The compliance officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and our code of conduct.

#### 1. Preservation of “Price Sensitive Information”:

Under this code, the preservation of “Price Sensitive Information” shall be ensured at ACMS as under...

- a. Employees/ directors shall maintain the confidentiality of all Price Sensitive Information and for which they would sign an undertaking as at annexure 2.
- b. Employees/ directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.
- c. Need to know: Price Sensitive Information will be handled on a “need to know” basis, i.e., Price Sensitive Information will 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.
- d. For the purpose, information traveling between business lines shall carry email certification from Business line Head or Support line Head that information has been sought on a “need to know” basis under cc to Compliance Officer. The same shall apply to all Price Sensitive Information moving among the sub-lines within Business/Support lines.
- e. Limited access to confidential information: Files containing confidential information shall be kept secure for which every employee and their Business Line/Support Line heads would be responsible. Computer files must have adequate security of login and pass words etc.
- f. Chinese Wall : Further, to prevent the misuse of confidential information, the company is adopting a "Chinese Wall" policy which will separate all those areas of the organisation which routinely have access to confidential information, considered “inside areas”, from those areas which deal with sale/marketing/investment advise or other departments providing support services,

considered "public areas". The Inside areas are being defined as under...

1. Accounts
  2. Secretarial department
  3. Legal department
  4. Compliance
  5. Audit.
- The compliance officer would review this list and update it from time to time in line with the company's activities.
- g. The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.
  - h. The employees in inside area are being physically segregated from employees in public area by demarcating the various lines.
  - i. Only in exceptional circumstances would employees from the public areas be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the compliance officer.

## 2. Prevention of misuse of "Price Sensitive Information:

All directors and employees of ACMS shall not use Price Sensitive Information to buy or sell securities of any sort, whether for their own account, their relative's account, organisation's account or a client's account. The following trading restrictions shall apply for trading in securities:

### (A) Trading window:

- a. The compliance officer will specify a trading period ("Trading Window") for trading in the company's securities. When the trading window is closed, the employees/directors shall not trade in the company's securities in such period. The trading window shall be closed during the time the information referred below is un-published ie it will be closed, *inter alia*, at the time of:-
  - i. Declaration of Financial results (quarterly, half-yearly and annual)
  - ii. Declaration of dividends (interim and final)
  - iii. Issue of securities by way of public/ rights/bonus etc.
  - iv. Any major expansion plans or execution of new projects
  - v. Amalgamation, mergers, takeovers and buy-back
  - vi. Disposal of whole or substantially whole of the undertaking
  - vii. Any changes in policies, plans or operations of the company

Accordingly, Trading Window shall be closed during the following periods:

- i. From the date of the notice to the Stock Exchange of the meetings of the Directors or Committee of Directors until one day after the date of declaration/publication of the Annual/Quarterly results as the case may be ;
- ii. From the date of circulation of Agenda for the Board Meeting where the decision on any of the following matters is taken until one day after the decision is made public:
  - Intended declaration of dividends (Interim and / or Final);
  - Issue of Securities or Buy-back of Securities;

- Any major expansion plans or execution of new projects; Amalgamation, merger or takeover;
- Disposal of the whole or substantially the whole of the undertaking;
- Any significant changes in policies, plans or operations of the Company having material impact on the financials of the Company.

Apart from the aforesaid closure, the Compliance Officer (in consultation with the management) intimate a longer period of closure of "Trading Window" for the above on a case to case basis after taking into account the sensitivity of the corporate action.

The Trading Window shall be opened 24 hours after the aforesaid information is made public.

- b. All directors/employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed, as referred to in point 2Aa or during any other period as may be specified by the compliance officer from time to time.
- c. In case of ESOPs, 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.

(B) Pre clearance of trades:

- a. All directors/ employees of the company who intend to deal in the securities of the company above 10000 shares during a 30 days period (either in one transaction or a series of transactions) should pre-clear the transactions as per the pre-dealing procedure as described hereunder
- b. An application may be made in the form given in annexure 3 to the Compliance officer indicating the estimated number of securities that the designated employee /director 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 extended in the form or may be required by any rule made by the company in this behalf.
- c. The same form shall carry an undertaking by such employee/director: (a) That the employee/director does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking. (b) That in case the employee/director has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of the company till the time such information becomes public. (c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time. (d) That he/ she has made a full and true disclosure in the matter

(C) Restricted/Grey list:

- a. In order to monitor Chinese wall procedures and trading in client securities based on inside information, the Compliance officer shall restrict trading in certain securities and designate such list as restricted/grey list.
- b. Security of a listed company shall be put on the restricted/grey list if the ACMS or any Group company is handling any assignment for the listed company or is preparing appraisal report or is handling credit rating assignments and is privy to Price Sensitive Information.
- c. Any security which is being purchased or sold or is being considered for purchase or sale by ACMS or Group company on behalf of its clients/schemes of mutual funds/brokerage Institutional clients, etc. shall be put on the restricted grey list.
- d. As the restricted list itself is highly confidential information, it shall not be communicated directly, or indirectly, to anyone outside the organisation. The Restricted List shall be maintained by Compliance Officer.
- e. When any securities are on the Restricted List, trading in these securities by the employees/directors is banned and would also be disallowed at the time of pre-clearance.

(D) Other restrictions:

- a. All directors/employees and their dependents (as defined) shall execute their 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 the employee/director must pre clear the transaction again.
- b. All directors/ employees and their dependent family members shall hold all their investments in securities for a minimum period of 30 days in order to be considered as being held for investment purposes.

All directors/Designated employees and their dependent family members who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time.

- c. In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
- d. In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the compliance officer after recording in writing his / her reasons in this regard.

3. Reporting Requirements for transactions in securities:

- a. All directors/employees of ACMS are required to forward following details of their Securities transactions including the statement of dependent family members

- to the Compliance officer: a) all holdings in securities including those of ACMS by directors/employees at the time of joining the company (as per format in annexure 4); (b) a statement at the end of each calendar quarter of any transactions in securities, including those where pre-clearance of Compliance Officer was obtained (format in annexure 5), and (c) calendar quarter- end statement of all holdings in securities (same format as in annexure 4)
- b. The Compliance officer shall maintain records of all the declarations, both in physical and electronic form, given by the directors/ employees for a minimum period of three years.
  - c. The Compliance officer shall place before the Board/Managing Director, on a monthly basis, all the details of the dealing in the securities by employees/directors of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

#### 4. Penalty for contravention of code of conduct:

- a. Any employee/director who trades in securities or communicates any information for trading in securities in contravention of this code of conduct and SEBI Regulations will be penalised and major action will be taken by the company.
- b. Such employees/directors who violate the code of conduct shall also be subject to disciplinary action, which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, dismissal etc.
- c. In cases where it is observed by the company/compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall also be informed for further action as deemed appropriate by SEBI.

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## **Part II: Code of Corporate Disclosure Practices for prevention of Insider Trading**

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To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed by ACMS:

#### Prompt disclosure of price sensitive information

1. Price sensitive information shall be given to stock exchanges and disseminated on a continuous and immediate basis.
2. ACMS would also recourse to all available ways of supplementing information released to stock exchanges by improving investor access to their public announcements.

#### Overseeing and co-ordinating disclosure

1. ACMS designates its Compliance officer to oversee corporate disclosure.
2. The Compliance officer shall be responsible for ensuring that ACMS complies with continuous disclosure requirements, overseeing and co-ordinating disclosure of price sensitive information to stock exchanges, analysts,

- shareholders and media, and educating staff on disclosure policies and procedure.
3. Information disclosure/dissemination will be approved in advance by ----- who is being designated for the purpose.
  4. If information is accidentally disclosed without prior approval, the person responsible may inform the designated officer immediately, even if the information is not considered price sensitive.

Responding to market rumours:

1. ACMS shall respond immediately to any queries or requests for verification of market rumours by the exchanges.
2. The official designated for corporate disclosure shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure.

Timely Reporting of shareholdings /ownership and changes in ownership:

1. Disclosure of shareholdings/ownership by major shareholders and disclosure of changes in ownership as provided under any Regulations made under the Act and the listing agreement shall be made in a timely and adequate manner.
2. Disclosure/dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors, Listed companies should follow the guidelines given hereunder while dealing with analysts and institutional investors: -
  - (i) Only Public information to be provided : ACMS shall provide only public information to the analyst/ research persons/large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.
  - (ii) Recording of discussion: In order to avoid misquoting or misrepresentation, it is desirable that at least two-company representative be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.
  - (iii) Handling of unanticipated questions: A listed company is expected to be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.
  - (iv) Simultaneous release of Information: When ACMS organises meetings with analysts, the company shall make a press release or post-relevant information on its website after every such meet. The company may also consider live webcasting of analyst meets.
3. Medium of disclosure/ dissemination
  - (i) Disclosure/dissemination of information will be done through various media so as to achieve maximum reach and quick dissemination.
  - (ii) ACMS shall ensure that disclosure to stock exchanges is made promptly.

- (iii) ACMS would also facilitate disclosure through the use of its dedicated Internet website.
- (iv) ACMS website would provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.
- (v) The information filed by ACMS with exchanges under continuous disclosure requirement may be made available on the company website.