

KOTHARI WORLD FINANCE LIMITED

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)

*[Under Regulation 8(1) of SEBI (Prohibition of Insider Trading)
Regulations, 2015]*

- Policy approved by the Board on: 20th May, 2015
- Revised Policy approved by the Board on: 13th February, 2019
- Effective Date: 01st April, 2019

1. BACKGROUND:

- a) The Securities and Exchange Board of India (“SEBI”) notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”) on January 15, 2015, which is effective from May 15, 2015.
- b) Pursuant to Regulation 8 of the Regulations, **Kothari World Finance Limited** is required to formulate a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Fair Disclosure Code”).
- c) Accordingly the Board of Directors of **Kothari World Finance Limited** (hereinafter referred to as “the Company”) have formulated the Fair Disclosure Code on 20th May, 2015.
- d) The aforesaid Code of fair Disclosure is required to be amended pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“the Regulations”).
- e) In this regard, Board of Directors of **Kothari World Finance Limited** has adopted this Revised Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (‘the Code’) on February 13, 2019. The Policy shall be effective from April 01, 2019.

2. OBJECTIVE:

The Code intends to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for the Company’s securities and to maintain the uniformity, transparency and fairness in dealings with all stakeholders and ensure adherence to applicable laws and regulations.

3. DEFINITIONS:

- **“Compliance Officer”** for the purpose of this Code 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 SEBI (Prohibition of Insider Trading) Regulations, 2015 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in SEBI (Prohibition of Insider Trading) Regulations, 2015 under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.
- **“Chief Investor Relations Officer”** (CIRO) means the Compliance Officer of the Company.
- **“Unpublished Price Sensitive Information (“UPSI”)** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to information relating to the following:-
 - i. Financial results;
 - ii. Dividends;
 - iii. Change in Capital Structure;
 - iv. Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
 - v. Changes in Key Managerial Personnel;

Note: Words and expressions used and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and the Rules and Regulations made there under shall have the meanings respectively assigned to them in those legislation.

• **"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;

• **"Insider"** means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

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.

• **"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.

- **"Promoter"** 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;
- **"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;
- **"Proposed to be listed"** shall include securities of an unlisted company:
 - (i) if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or
 - (ii) if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013.
- **"Legitimate purpose"** shall mean and include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of SEBI (Prohibition of Insider Trading) Regulations, 2015.

4. PRINCIPLES OF FAIR DISCLOSURE

To achieve the objective of this Code the Company will adhere to the following principles to ensure timely and adequate disclosure of price sensitive information with respect to it and its Securities which is likely to affect price of the securities.

1. 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. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing 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. Handling of all unpublished price sensitive information on a need-to-know basis.

5. CHIEF INVESTOR RELATIONS OFFICER (“CIRO”) TO OVERSEE AND COORDINATE DISCLOSURES:

- i. The Compliance Officer of the Company is designated as the Chief Investor Relations Officer and is responsible for dissemination of information and disclosure of UPSI. The CIRO may be contacted by e-mail at: companysecretary@kothariworld.com.
- ii. The Compliance Officer is also responsible for ensuring compliance under this code, overseeing and coordinating disclosure of UPSI to stock exchanges, shareholders, analysts and media and for educating Company’s staff on disclosure policies and procedure.
- iii. All UPSI is to be handled on “need to know basis”, i.e., UPSI should be disclosed only to those within 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 the non-public information directly received by any employee should immediately be reported to the Compliance Officer.

6. POWERS & DUTIES OF CHIEF INVESTOR RELATIONS OFFICER:

(i) Other than information which is price sensitive in accordance with the Companies Act 2013, the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any other applicable law for the time being in force, the CIRO in consultation with the Managing Director & Chief Financial Officer (CFO) shall decide whether an information is price sensitive or not.

(ii) The CIRO shall ensure that disclosure to Stock Exchanges is made promptly.

(iii) All information disclosure/dissemination may normally be approved in advance by the CIRO. In case information is accidentally disclosed without prior approval of CIRO, the person responsible shall immediately inform the CIRO.

(iv) The CIRO shall ensure that no unpublished price sensitive information is disclosed selectively to any one or group of research analysts or investors to the disadvantage of other stakeholders.

(v) Any queries or requests for verification of market rumor(s) by the Regulatory Authorities shall be forwarded to the CIRO, who shall decide on the clarification to be provided.

(vi) The CIRO shall decide whether a public announcement is necessary for verifying or denying any rumor(s).

7. PROMPT DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION:

1. The Company has adopted a Disclosure Policy. The Disclosure Policy is designed to be aligned with Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015. The Disclosure Policy defines Material Event and Material Information. Prompt public disclosure of UPSI shall be done no sooner than credible and concrete information comes into being in order to make such information generally available.
2. Material Events mean events that a reasonable stakeholder dealing with the Company would consider important in deciding to engage and deal with the Company, its products

and services and in its securities. Whether any particular information could be considered Material by a reasonable stakeholder depends on specific circumstances existing at a particular point of time.

3. Material Information- Material Information shall mean Material Events meeting the requirements of the Disclosure Policy.
4. When a Material event or Material Information triggers disclosure, the Company shall promptly furnish the Material Information to all stock exchanges where its Securities are listed. Information published on the website of a stock exchange, would ordinarily be considered generally available information.
5. The information released by the Company to the stock exchanges may also be released to the press for wider circulation. The information released by the Company to the stock exchanges may also be hosted on the Company website www.kothariworld.com for wider circulation.

8. RESPONDING TO MARKET RUMORS:

1. On receipt of requests from any of the stock exchanges for verification of market rumours, the Compliance Officer and /or any other official(s) ("spokesperson") authorized by the Board of Directors of the Company shall ascertain the factual position and thereafter appropriately and fairly respond to such queries or requests.

2. At the time of making such response, the Compliance Officer may decide as to whether a public announcement is necessary for verifying or denying rumours and then make the disclosure.

9. POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE

The "Policy for determination of Legitimate Purpose" is enclosed herewith as **Annexure A**.

10. AMENDMENTS:

The Board of Directors of the Company, in sync with applicable laws, rules & regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire Code with a new Code.

In any circumstance where the terms of the Code differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over the Code.

The Code and any subsequent amendment(s) thereto, shall be promptly intimated to the Stock Exchanges.

ANNEXURE A

POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE

[Pursuant to Regulation 3(2A) of the SEBI (Prohibition of Insider Trading) Regulations, 2015]

1. PREAMBLE:

The Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 ("PIT Amendment Regulations") has mandated every listed Company to formulate "Policy for Determination of Legitimate Purpose" hereinafter referred to as the "Policy", as a part of Fair Disclosure Code.

2. OBJECTIVE:

The objective of this policy is to identify 'Legitimate Purpose' for performance of duties or discharge of legal obligations, which will be considered as exception for the purpose of procuring UPSI relating to the Company.

3. SHARING OF UPSI FOR LEGITIMATE PURPOSE:

UPSI shall be provided only when needed for legitimate purpose, performance of duties or discharge of legal obligations. All insiders shall adhere to the conditions of strict confidentiality and shall not share any UPSI except for the aforesaid purpose.

4. DIGITAL DATABASE OF RECIPIENT OF UPSI:

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 under the Regulations along with the Permanent Account Number (PAN) or any other identifier authorized by Law where PAN is not available. Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non - tampering of the database.
