

**CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF KOTHARI PRODUCTS LTD.**

Pursuant to Regulation 8 of Securities and Exchange Board of India  
(Prohibition of Insider Trading) Regulations, 2015

**Background:**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, which was amended on 20th February, 2002 is replaced by the new Regulation namely "Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as the 'Regulations') to put in place a framework for prohibition of Insider Trading in securities and to strengthen the legal framework thereof. The Regulations shall come in force on 15th May, 2015.

SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 notified on 31st December, 2018, has amended PIT Regulations. As per the amendment, Regulation 3(2A) of the PIT Regulations provides as under:

*The board of directors of a listed company shall make a policy for determination of "legitimate purposes" as a part of "Codes of Fair Disclosure and Conduct" formulated under regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.*

In pursuance of the above, the Company (**Kothari Product Limited**) has formulated Policy for Determination of Legitimate Purpose as an integral Part of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which is applicable w.e.f. 1<sup>st</sup> April, 2019.

**Code:**

In terms of Regulation 8 of the Regulations, the Board of Directors of the Company has formulated this Code of practices and procedures for fair disclosure of unpublished price sensitive information to be followed in order to adhere to the principles set out below:

1. The Company shall make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. The Company shall make uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. The Company Secretary shall act as Chief Investor Relation Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.



4. In case any unpublished price sensitive information gets disclosed selectively, inadvertently or otherwise, the Company shall make prompt dissemination of such information to make it generally available.
5. The Company shall give appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
6. The Company shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
7. The Company shall post transcripts or records of proceedings of meetings with analysts and other investor relations conferences on its official website to ensure official confirmation and documentation of disclosures made.
8. The Company shall handle all unpublished price sensitive information on a need-to-know basis. The UPSI can be shared as an exception by an insider for legitimate purpose as per the "Policy for Determination of Legitimate Purpose" ("Annexure A" to this Policy).

**"ANNEXURE – A"**

***POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE***

1. The term "legitimate purposes" shall 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 the PIT Regulations.
2. Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of PIT Regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with PIT Regulations.
3. The Compliance Officer shall ensure that such third party is also bound by non-disclosure or confidentiality agreements which shall also mention the duties and responsibilities of such person with respect to such unpublished price sensitive information and the liabilities involved if such person misuses or uses such unpublished price sensitive information in breach of the Regulations.
4. The Board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

