



HITCO TOOLS LIMITED

HITCO

Code of Conduct

For

Prevention of

Insider Trading

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Code of

Corporate Disclosure

Practices



INDEX

SI No	Topic	Page No.
1	Introduction	
2	Definitions	
3	Code of Conduct for Prevention of Insider Trading	
4	Compliance Officer	
5	Duties of the Compliance Officer	
6	Handling of Unpublished Price Sensitive Information	
7	Preservation of Unpublished Price Sensitive Information	
8	Need to know	
9	Legitimate Purpose	
10	Limited access to confidential information	
11	Chinese Wall	
12	Trading Window	
13	Pre-clearance of deals in Securities	
14	Applicability	
15	Pre-trading Procedure	
16	Pre-trading Approval	
17	Completion of Pre-cleared Trading	
18	Trading Plans	
19	Opposite transactions in the Securities	
20	Advice regarding Pre-Clearance	
21	Reporting requirements for transactions in Securities	
22	Institutional Mechanism for Prevention of Insider Trading	
23	Penalty for Contravention	
24	Clarifications	
25	Important Forms	
26	Code of Corporate Disclosure Practices	



INTRODUCTION

Insider Trading means the trading in Securities of a company by its Directors, Employees or other Insiders while in possession of or having access to Unpublished Price Sensitive Information (“UPSI”). Such trading by Insiders erode the investors’ confidence in the integrity of the management and is unhealthy for the capital markets.

The Securities and Exchange Board of India (SEBI), in its endeavour to protect the interests of investors in general, had formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same were made applicable to all companies whose shares were listed on Indian stock exchanges.

To strengthen these regulations and to create a framework for prevention of insider trading to facilitate legitimate business transactions, SEBI had constituted a high level committee under the Chairmanship of Hon’ble Justice N.K. Sodhi (Former Chief Justice of the High Courts of Kerala and Karnataka and a Former Presiding Officer of the Securities Appellate Tribunal) in the year 2013. Some of the recommendations of the committee were considered and approved by SEBI Board and accordingly, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “the Regulations”) were notified by SEBI on January 15, 2015 which became effective from May 14, 2015. Further, SEBI also constituted a Committee on Fair Market Conduct in August, 2017 under the Chairmanship of T K Vishwanathan (Ex-Secretary General, Lok Sabha and Ex-Law Secretary) to look into the changes required in the aforesaid Regulations. The Committee comprised of representatives of law firms, mutual funds, brokers, forensic auditing firms, stock exchanges, chambers of commerce, data analytics firms and SEBI. Based on the recommendations of this committee, SEBI vide Notifications dated December 31, 2018 (which came into effective from April 01, 2019) and January 21, 2019 made further amendments to the aforesaid Regulations. The Regulations not only regulate trading by insiders but also seek to prohibit insider trading. The text of the Regulations is given in **Appendix A**.

The relevant extracts of Regulations 3(1), 3(2), 3(2A), 3(2B) and 4(1) of the Regulations, which prohibit insider trading and communication of UPSI are quoted below:

“3(1) 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.”

“3(2) 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.”

3(2A) 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.



Explanation—For the purpose of illustration, the term “legitimate purpose” 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 these regulations.

“3(2B) Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.”

“4(1) 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.”

“Explanation- 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;”

It is mandatory in terms of the Regulations for every listed company, intermediary, fiduciary and any other person who is required to handle UPSI in the course of business operations to formulate a Code of Conduct for Prevention of Insider Trading to regulate, monitor and report trading by its Directors, Employees who are Designated Persons and Immediate Relative of Designated Persons and other Connected Persons. In addition, every company whose Securities are listed on a stock exchange, is also required to formulate a Code of Practices and Procedures for fair disclosure of UPSI (hereinafter referred to as “Code of Corporate Disclosure Practices”).

The subjects of disclosure practices and insider trading have already been dealt with in the Hittco Code of Conduct. Clauses 14 to 20 and Clause 22 respectively of the Hittco Code of Conduct, currently in force, dealing with these subjects are reproduced below:

Integrity of information and assets

-14. Our employees shall not make any wilful omissions or material misrepresentation that would compromise the integrity of our records, internal or external communications and reports, including the financial statements.

-15. Our employees and directors shall seek proper authorisation prior to disclosing company or business-related information and such disclosures shall be made in accordance with our company’s media and communication policy. This includes disclosures through any forum or media, including through social media.



-16. Our employees shall ensure the integrity of personal data or information provided by them to our company. We shall safeguard the privacy of all such data or information given to us in accordance with applicable company policies or law.

-17. Our employees shall respect and protect all confidential information and intellectual property of our company.

-18. Our employees shall safeguard the confidentiality of all third party intellectual property and data. Our employees shall not misuse such intellectual property and data that comes into their possession and shall not share it with anyone, except in accordance with applicable company policies or law.

-19. Our employees shall promptly report the loss, theft or destruction of any confidential information or intellectual property and data of our company or that of any third party.

-20. Our employees shall use all company assets, tangible and intangible, including computer and communication equipment, for the purpose for which they are provided and in order to conduct our business. Such assets shall not be misused. We shall establish processes to minimise the risk of fraud, and misappropriation or misuse of our assets.

Insider Trading

-22. Our employees must not indulge in any form of insider trading nor assist others, including immediate family, friends or business associates, to derive any benefit from access to and possession of price sensitive information that is not in the public domain. Such information would include information about our company, our clients and our suppliers.

In line with the Hittco Code of Conduct and in order to comply with the mandatory requirement of the Regulations, it was necessary to formulate a specific Code of Conduct for Hittco Company for use by its Directors, Employees, Designated Persons and other Connected Persons.

This document embodies the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Code") to be adopted by Hittco Tools Limited and followed by their Directors, Employees, Designated Persons and other Connected Persons. The Code is based on the principle that Directors and Employees of a Hittco Company owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal Securities transactions in a manner that does not create any conflict of interest situation.

The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of listed company and their trading in Securities of the company. Further, the Code also seeks to ensure timely and adequate disclosure of UPSI to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's Securities. The provisions of this Code have to be read along with the Regulations and if there is any inconsistency / contradiction between the two, the provisions of the Regulations shall prevail.



DEFINITIONS:

As used in this Code:

(a) “**Audit Committee**” means the audit committee of the Company.

(b) “**Board**” means Board of Directors of the Company.

(c) “**Code**” means this Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, as applicable, including modifications made thereto from time-to-time.

(d) “**Company**” means Hittco Tools Limited.

(e) “**Compliance Officer**” means Company Secretary & Chief Compliance 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 the Regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company;

Explanation: “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

(f) “**Connected Person**” means:

- 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.
- 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,-
 - an immediate relative of connected persons specified in clause (i); or
 - a holding company or associate company or subsidiary company; or
 - an intermediary as specified in section 12 of the Act or an employee or director thereof; or
 - an 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; or



- 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
- 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
- an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- a banker of the company; or
- 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 percent of the holding or interest;

(g) “**Designated Persons**” shall mean the persons designated by the Board who shall in consultation with the Compliance Officer, to be covered under the Code on the basis of their role and function in the Company and the access that role and function provides to UPSI in addition to seniority and professional designation and shall include : -

(i) Employees of the Company, designated on the basis of their functional role or access to UPSI;

(ii) All promoters of the Company;

(iii) Chief Executive Officer and employees upto two-levels below the Chief Executive Officer of the Company and its material subsidiaries irrespective of their functional role in the Company or their ability to have access to UPSI;

(iv) all Directors;

(v) Any support staff of the Company, such as IT staff or secretarial staff who have access to UPSI. and

(h) “**Director**” means a member of the Board of Directors of the Company.

(i) “**Employee**” means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.

(k) “**Generally Available Information**” means information that is accessible to the public on a non-discriminatory basis.

(m) “**Immediate Relative**” means the spouse of the Person, and includes parent, sibling and child of such Person or of the spouse, who are either financially dependent on such Person or consults such Person in taking decisions relating to trading in securities.

(n) “**Insider**” means any person who is a Connected Person or in possession of or having access to Unpublished Price Sensitive Information.

(p) “**Promoter**” and “**Promoter Group**” shall have the respective meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.



(q) **“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 SEBI, 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;

(r) **“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.

(s) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading.

(t) **“Trading in Securities”** means and includes an act of subscribing to, buying, selling, dealing or agreeing to subscribe to, buy, sell or deal in any Securities of the Company and “trade” shall be construed accordingly.

(u) **“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 Securities of the Company and shall, ordinarily include but not be restricted to, information relating to the following:

(i) financial results;

(ii) dividends;

(iii) change in capital structure;

(iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions; and

(v) changes in key managerial personnel; All terms used in this Code but not defined hereinabove shall have the meanings ascribed to them under the Regulations.

COMPLIANCE OFFICER:

The Board of the Company shall appoint the Company Secretary as the Compliance Officer to ensure compliance and for effective implementation of the Regulations and also this Code across the Company.

The Compliance Officer shall report to the Board of the Company and in particular, shall provide quarterly/half-yearly/annual reports to the Chairman of the Audit Committee.

The Company Secretary shall hold the position of the Compliance Officer so long as he/she remains the Company Secretary. In the event of the office of the Company secretary falling vacant till such time a successor is appointed, the persons(s) responsible for the Company’s Secretarial function shall, in the interim period act as the Compliance Officer.



In order to discharge his/her functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his/her function. In the performance of his/her duties, the Compliance Officer shall have access to all information and documents, relating but not limited to, the Securities of the Company.

The Compliance Officer shall act as the focal point for dealings with SEBI in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.

DUTIES OF THE COMPLIANCE OFFICER: The Compliance Officer shall be responsible for:

- setting forth policies in relation to the implementation of the Code and the Regulations in consultation with the Board/Audit Committee.
- prescribing procedures for various activities referred to in the Code.
- compliance with the policies and procedures referred hereinabove.
- monitoring adherence to the rules for the preservation of UPSI.
- specifying Designated Persons to be covered by the Code, as decided by the Board in consultation with the Compliance Officer and as mentioned under Regulation 9(4), on the basis of their role and function in the organization including access to UPSI by virtue of that role and function in addition to seniority and professional designation.
- implementation of this Code under the general supervision of the Audit Committee and the overall supervision of the Board of the Company.

The Board shall ensure and authorize the Compliance Officer to maintain a structured digital database containing the names of such persons or entities as the case may be with whom UPSI is shared under Regulation 3 along with the Permanent Account Number (PAN) or any other identifier authorized by law, where PAN is not available. This database shall be maintained (see Annexure 1A for data to be collected from Designated Person) with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

The Compliance Officer shall assist all the Designated Persons in addressing any clarifications regarding the Regulations and this Code.

The Compliance Officer shall place status reports before the Chairman of the Audit Committee, detailing Trading in the Securities by the Designated Persons and their Immediate Relatives along with the documents that such persons had executed in accordance with the pre-trading procedure prescribed under the Code on a quarterly/half-yearly basis.

In the event that the Compliance Officer is privy to any UPSI, any preclearance for Trading in Securities will be provided by the [Chief Executive Officer or the Managing Director].



Preservation of “Price Sensitive Information”:

Designated Persons shall maintain the confidentiality of all UPSI coming into their possession or control.

To comply with this confidentiality obligation, the Designated Persons shall not:

- (i) communicate, provide or allow access of UPSI to any person directly or indirectly, including by way of making a recommendation for the purchase or sale of Securities of the Company unless such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations; or
- (ii) discuss UPSI in public areas, or
- (iii) disclose UPSI to any Employee who does not need to know the information except for the furtherance of legitimate purpose, performance of duties or for discharging of legal obligations, or
- (iv) recommend to anyone that they may undertake Trading in Securities of the Company while being in possession, control or knowledge of UPSI, or
- (v) be seen or perceived to be Trading in Securities of the Company while in possession of UPSI.

Need to know:

The Designated Persons who are privy to UPSI, shall handle the same strictly on a “Need to Know” basis. This means the UPSI shall be disclosed only to those persons who need to know the same in furtherance of a legitimate purpose, the course of performance or discharge of their duty and whose possession of UPSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

Legitimate Purpose:

The term “legitimate purpose” shall include sharing of UPSI 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 Regulations. Any person in receipt of UPSI pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of the Regulations and execution of confidentiality agreement (see Annexure 1B) with such persons, to maintain confidentiality of such UPSI in compliance with the Regulations.

Limited access to confidential information:

Designated Persons privy to confidential information shall, in preserving the confidentiality of information, and to prevent its wrongful dissemination, adopt among others, the following safeguards:

- files containing confidential information shall be kept secure.
- computer files must have adequate security of login through a password.



- follow the guidelines for maintenance of electronic records and systems as may be prescribed by the Compliance Officer from time-to-time in consultation with the person in charge of the information technology function.

List of Employees:

The Compliance Officer shall maintain a list of Designated Persons or any other persons with whom UPSI is shared along with the purpose for which such information was shared.

CHINESE WALL :

To prevent the misuse of UPSI, the Company has adopted a “Chinese Wall” policy which separates those departments which routinely have access to UPSI, considered “inside areas” from those departments which deal with sale/marketing or other departments providing services, considered “public areas”.

As per the said policy:

- The Employees in the inside areas are not allowed to communicate any UPSI to anyone in the public areas.
- The Employees in the inside area may be physically separated from the Employees in public area.
- The demarcation of various departments as inside area shall be decided by the Board in consultation with Compliance Officer.
- Only in exceptional circumstances, Employees from the public areas are brought “over the wall” and given UPSI for the furtherance of legitimate purposes and on the basis of “need to know” criteria, after providing prior written intimation to the Compliance Officer.

TRADING WINDOW:

Other than the period(s) for which the Trading Window is closed as prescribed hereunder, the same shall remain open for Trading in the Securities of the Company.

Unless otherwise specified by the Compliance Officer, the Trading Window for Trading in Securities of the Company shall be closed for the Designated Persons and their Immediate Relatives when the Compliance Officer determines that a Designated Person or class of Designated Persons are reasonably expected to have possession of UPSI, including but not limited to the following purposes-



- (a) declaration of financial results,
- (b) declaration of dividends,
- (c) change in capital structure,
- (d) Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions, and
- (e) Changes in key managerial personnel.
- (f) such other information as determined by the Board of Directors/Chief Executive Officer/Chief Operating Officer/ Chief Financial Officer from time to time.

In respect of declaration of financial results, the Trading Window shall remain closed from the end of the respective quarter, half-year, or financial year, as the case may be, till 48 hours after the declaration of the financial results.

As regards declaration of dividend and other matters referred to in (c) to (e) above or any other matters as the Board or MD decide then, the Managing Director shall, well before initiation of such activity/project, form a core team of Employees who would work on such assignment. The Managing Director shall also designate a senior Employee who would be in-charge of the project. Such team members will execute an undertaking not to deal in the Securities of the Company till the UPSI regarding the activity/project is made generally available or the activity/project is abandoned and the Trading Window would be regarded as closed for them. Such core team may share information related to the activity/project with any Designated Person only for the furtherance of legitimate purposes and on a need to know basis for any advice or guidance required from such Connected Person, provided that such person are bound by confidentiality and undertake not to breach the Regulations. Further, where the activity/project relates to a listed company, the name of such listed company will be deemed to be included in the "restricted list" which is confidentially maintained by the Compliance Officer. The Compliance Officer shall use the restricted list as the basis for approving or rejecting applications for pre-trading.

The Trading Window shall be opened 48 (Forty-Eight) hours after the information referred to above becomes generally available. The gap between clearance of accounts by audit committee and the Board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.



All the Designated Persons shall strictly conduct all their Trading in the Securities of the Company only when the Trading Window is open and no Designated Person or their Immediate Relatives shall trade in the Securities of the Company during the period the Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time-to-time.

PRE-CLEARANCE OF DEALS IN SECURITIES:

Applicability:

Every Designated Person shall obtain a pre-trading approval as per the procedure prescribed hereunder for any Trading in the Securities of the Company proposed to be undertaken by such Designated Person / his / her Immediate Relatives. Such pre-trading approval would be necessary, only if the cumulative trading (including trading in derivatives of Securities, if permitted by law) whether in one transaction or a series of transactions in any financial year exceeds Rs. 10 lakhs (market value).

Pre-trading Procedure:

For the purpose of obtaining a pre-trading approval, the concerned Designated Person shall make an application in the prescribed form (see Annexure 2) to the Compliance Officer. (The Compliance Officer should submit his/her application for pre-trading approval to the Managing Director/Chief Executive Officer.) Such application should be complete and correct in all respects and should be accompanied by such undertakings and declaration (see Annexure 3) indemnity bonds and other documents/papers as may be prescribed by the Compliance Officer from time-to-time. Such application for pre-trading approval with enclosures may preferably be sent through electronic mail followed by hard copies of all the documents. The e-mail for this purpose should be sent to the address specifically dedicated for this purpose

i.e. cs@hittco.com

No Designated Person shall apply for pre-trading approval if such person is in possession of UPSI, even if the Trading Window is not closed.



Approval:

(a) The Compliance Officer shall consider the application made as above and shall approve it forthwith preferably on the same Trading Day but not later than the next Trading Day unless he is of the opinion that grant of such an approval would result in a breach of the provisions of this Code, or the Regulations. Such approval/rejection may preferably be conveyed through electronic mail and if no such approval / intimation of rejection is received within a period of 2 (two) Trading Days, the applicant can presume that the approval is deemed to be given. While considering the application, the Compliance Officer shall have due regard to whether the declaration provided in Annexure 3 is reasonably capable of being rendered inaccurate.

(b) Every approval letter shall be issued in such format (see Annexure 4) as may be prescribed by the Company from time-to- time. Every approval shall be dated and shall be valid for a period of 7 (seven) Trading Days from the date of approval.

(c) In the absence of the Compliance Officer due to leave etc., the Employee designated by him/her from time-to-time, not being below - one level below the CFO and part of the Finance or Compliance Department shall discharge the function referred to in (a) above.

Completion of Pre-cleared Trading:

(a) All the Designated Persons shall ensure that they / their Immediate Relatives complete execution of every pre-cleared deal in the Company's Securities as prescribed above no later than 7 (seven) Trading Days from the date of the approval. The Designated Person shall file within 2 (two) Trading Days of the execution of the deal, the details of such deal, with the Compliance Officer in the prescribed form (see Annexure 5). In case the transaction is not undertaken, a report to that effect shall be filed (see Annexure 5).

(b) If a deal is not executed by the concerned Designated Person / Immediate Relatives pursuant to the approval granted by the Compliance Officer within 7 (seven) Trading Days, the Designated Person shall make a fresh application, once again to the Compliance Officer for pre clearance of the transaction covered under the said approval.

Trading Plans:

The Regulations recognize the concept of Trading Plans. Any Designated Person intending to formulate a Trading Plan shall consult the Compliance Officer to discuss the applicable rules and procedure. The Compliance Officer shall only approve a Trading Plan in accordance with the applicable provisions of the Regulations.



Opposite transactions / Contra trade in the Securities:

The Designated Persons shall not, within six months of buying or selling any number of Securities of the Company, enter into an opposite transaction or contra trade i.e. sell or buy, as the case may be, any number of the Securities of the Company.

The Compliance Officer can grant relaxation from strict application of the above restriction after recording the reasons in writing in this regard provided that such relaxation does not violate the Regulations. It may however, be noted that in terms of the Regulations, no such purchase/ sale will be permitted when the Trading Window is closed.

Notwithstanding the above, should the Designated Persons execute an opposite transaction, inadvertently or otherwise, in violation of the restrictions set out above, 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 SEBI under the SEBI Act, 1992.

Provided that this restriction will not be applicable for trades conducted, pursuant to the exercise of stock options.

Advice regarding Pre-Clearance:

In case of doubt, the Designated Person shall check with the Compliance Officer or the Officer designated by him/her from time-to-time whether the provisions relating to pre-clearance are applicable to any proposed transaction in the Company's Securities.

REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:

(a) Every Promoter or Member of the Promoter Group, Key Managerial Personnel (KMP) , Director and Designated Person (as and when identified by the Board) of the Company shall disclose their holding, and the holding of their Immediate Relatives and of any other person for whom such person takes trading decisions, of the Company's Securities (including derivatives) to the Compliance Officer within 30 (thirty) days of the Regulations taking effect or forthwith on being identified as a Designated Person, as the case may be, in prescribed format (see Annexure 6).

(b) Every person on appointment as a KMP or a Director of the Company or upon becoming a Promoter or Member of the Promoter Group of the Company or on being identified as a Designated Person, shall disclose their holding, and the holding of their Immediate Relatives and of any other person for whom such person takes trading decisions, of the Company's Securities (including derivatives) as on the date of



appointment as a KMP or a Director or becoming a Promoter or Member of the Promoter Group or identification as a Designated Person, to the Company within 7 (seven) days of such appointment as a KMP or a Director or becoming a Promoter or Member of the Promoter Group or on being identified as a Designated Person, as the case may be, in prescribed format (see Annexure 6).

(c) Every Promoter, Member of the Promoter Group, KMP, Director and Designated Person of the Company shall disclose annual statements of their holding, and the holding of their Immediate Relatives and of any other person for whom such person takes trading decisions, of the Company's Securities (including derivatives) to the Compliance Officer as on 31st March every year in such form and manner (see Annexure 7) as may be prescribed by the Compliance Officer from time-to-time. Such statement shall be submitted by 15th April every year.

(d) Every Promoter, Member of the Promoter Group, Director and Designated Person of the Company shall disclose in prescribed format (see Annexure 8) to the Compliance Officer the number of such Securities (including derivatives) of the Company acquired or disposed by them or their Immediate Relatives and by any other person for whom such person takes trading decisions, within 2 (two) Trading Days of such transaction 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 the value as may be specified. The Company shall notify the particulars of such trading to the stock exchange on which its Securities are listed within 2 (two) Trading Days of receipt of disclosure or from becoming aware of such information.

The Compliance Officer shall maintain records of all the above declarations in an appropriate form for a minimum period of 5 (five) years from the date of the filing thereof. The Company may, at its discretion, prescribe additional obligations for any other Connected Persons or a class of Connected Persons to make disclosures of holdings and trading in Securities (including the form and frequency).

INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING:

The Managing Director of the Company shall put in place an adequate and effective system of internal controls to ensure compliance with the requirements given in the Regulations to prevent insider trading.

The internal controls include the following:

- a) all employees who have access to UPSI shall be identified as Designated Persons;
- b) all UPSI shall be identified and its confidentiality shall be maintained as per the requirements of the Code and Regulations;
- c) adequate restrictions shall be placed on communication or procurement of UPSI as required by the Code;



- d) lists of all employees and other persons with whom UPSI is shared shall be maintained in the digital database and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- e) all other relevant requirements specified under the Code shall be complied with;
- f) periodic process review, on an annual basis shall be conducted by the Internal Audit Team of the Company to evaluate the effectiveness of internal controls in place.

The Board shall ensure that the Managing Director ensures compliance with Regulation 9 and Regulation 9A(1) and(2).

The Audit Committee of the Company shall review compliance with the provisions of the Code, at least once in a financial year, on the basis of the Internal Audit Report presented and shall verify that the systems for internal control are adequate and are operating effectively.

Policy and procedures for inquiry in case of leak of UPSI or suspected leak of UPSI (see Annexure 10), has been formulated by the Company and duly approved by Board. Accordingly, the Ethics Counsellor/Chairman of Audit Committee of the Company shall initiate appropriate inquiries on becoming aware of leak of UPSI or suspected leak of UPSI and promptly inform SEBI.

The Whistle-blower policy of the Company, a copy of which is available on the website of the Company, enables employees to report instances, if any, of leak of UPSI.

If an inquiry is initiated by the Company in case of reported leakage of UPSI or suspected leak of UPSI, the Intermediaries and Fiduciaries engaged by the Company shall be duty bound to co-operate with the Company in connection with such inquiry conducted by the Company.

PENALTY FOR CONTRAVENTION:

Every Director, Promoter, member of Promoter Group and Designated Person shall be individually responsible for complying with the applicable provisions of this Code (including to the extent the provisions hereof are applicable to their Immediate Relatives).

The persons who violate this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action, which in respect of a Designated Person, who is also an Employee of the Company may include wage freeze, suspension, recovery, clawback or termination of employment.



Action taken by the Company for violation of the Regulations and the Code against any person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations.

Under Section 15G of the SEBI Act, any Insider who indulges in insider trading in contravention of Regulation 3 is liable to a penalty which shall not be less than Rs. 10 lakhs but which may extend to Rs.25 crores or three times the amount of profits made out of insider trading, whichever is higher.

Under Section 24 of the SEBI Act, anyone who contravenes the Regulations is punishable with imprisonment for a maximum period of ten years or with fine, which may extend to twenty- five crore rupees or with both. Further, in case any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both. An extract of Sections 15G and 24 is given in **Appendix B**.

In case it is observed by the Compliance Officer that there has been a violation of the Regulations by any person, he/she shall forthwith inform the Audit Committee of the Company about the violation. The penal action will be initiated on obtaining suitable directions from the Audit Committee in consultation with Board. The Compliance Officer, on behalf of the Company, shall simultaneously inform SEBI about such violation. The person, against whom information has been furnished by the Company/Compliance Officer to SEBI for violations of the Regulations/Code, shall provide all information and render necessary cooperation as may be required by the Company/Compliance Officer or SEBI in this connection.

The Compliance Officer shall always abide by the provisions of the Regulations and the Code.

Where there is a violation by the Compliance Officer or the Managing Director of the Company shall perform the functions of the Compliance Officer.

CLARIFICATIONS:

For all queries concerning this Code, please contact the Compliance Officer.



IMPORTANT FORMS

ANNEXURE 1A

HITCO TOOLS LIMITED

FORMAT FOR DIGITAL DATABASE

[To be filled in by Designated Person & To be maintained by the Compliance Officer]

Sl No	Name of Promoter/ Member of Promoter Group/Director / KMP/ Designated Person (DP)/ Other Person/ Entity in possession of UPSI	PAN / Other Identification on No.	Designation #Emp. No., Dept., Div., Location & Phone/ Mobile No.	Names of Immediate Relatives & Persons with material financial relationship, their PAN & mobile no. as disclosed by DP	Names of educational institutions attended & Past Employer(s) of DP	DP. BEN ID. or Folio No.	Date of identification	Date of cessation

to be filled in only in case of Employees

