

**Code of Internal Procedures and Conduct for
Regulating, Monitoring and Reporting of
Trading by Insiders**

[Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015]



Ador Fontech Limited

Belview, 7 Haudin Road, Bangalore 560 042

www.adorfon.com

1. PREFACE

This Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders will be known as "**ADOR FONTECH LIMITED Code of Conduct for Prohibition of Insider Trading**", hereinafter referred to as 'Code'. This Code is prepared in accordance with the applicable provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 2015).

2. OBJECTIVE OF THE CODE OF CONDUCT

- To prevent insider trading by prohibiting dealing through, communicating or counselling on matters relating to insider trading.
- To preserve the confidentiality of unpublished price sensitive information in order to prevent misuse of such information.
- To remain committed to transparency & fairness in dealing with all stakeholders & in ensuring adherence to all the applicable laws & regulations.

3. DEFINITIONS OF CERTAIN WORDS / PHRASES

For the purpose of this Code:

- a) Act means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- b) Board means the Board of Directors of Ador Fontech Limited.
- c) Company means **ADOR FONTECH LIMITED (ADFL)**.
- d) Code or Code of Conduct shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders of Ador Fontech Limited.
- e) Compliance Officer means any 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 compliances under these Regulations and is 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the Codes specified in these Regulations under the overall supervision of the Board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 ADFL.
- f) Connected Person means:
 - (i) any person who is or has during 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 holding 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 have 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 -
 - an immediate relative of connected persons specified in clause (i);

- a Holding Company or Associate Company or Subsidiary Company; an intermediary as specified in section 12 of the Act or an employee or Director thereof;
- an Investment Company, Trustee Company, Asset Management Company or an employee or Director thereof;
- an official of a Stock Exchange or of Clearing House or corporation;
- 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;
- 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;
- an official or an employee of a self-regulatory organization recognised or authorized by the SEBI;
- 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 per cent of the holding or interest;

g) Designated Employees

The following employees will be treated as designated employees of ADFL under the regulations:

- (i) Key Managerial Personnel
- (ii) CMC Members
- (iii) Employees working in the Office of the Chairman and Whole time Directors
- (iv) Plant-In-charges and Production-In-charges
- (vi) SBU Heads and Product Group Heads
- (vii) Regional-In-charges and Business-In-Charges
- (vii) Employees of the following Departments:
 - Secretarial Department
 - Accounts and Finance Department
- (viii) Any other employee, as may be decided by Board of Directors, on the basis of their functional roles, from time to time.

h) Generally available information means information that is accessible to the public on a non-discriminatory basis.

i) Insider means any person who is:

- (i) a connected person; or
- (ii) in possession of or having access to unpublished price sensitive information;

- j) Insider Trading means the buying, selling, subscribing or dealing in the securities of ADFL by a Director, KMP, Employee of the Company or by any other person such as internal and/or statutory auditor, agent, advisor, analyst, consultant etc. who has, or is reasonably expected to have, knowledge of material unpublished price sensitive information, which is not available to the general public.

The dealing in securities by an 'insider' is the utilization of 'inside' information to profit or for reducing losses, at the expense of other investors, who do not have access to the same information.

- k) Immediate relative means a spouse of a person, and includes parent, sibling, and children 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.
- l) 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.
- m) Regulations means the SEBI (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time.
- n) 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.
- o) Specified means specified by the "SEBI" in writing.
- p) Specified Persons means the Directors, KMPs, connected persons; the insiders, the Designated Employees and the promoters and immediate relatives.
- q) Takeover Regulations means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- r) Trading means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- s) Trading day means a day on which the recognized stock exchanges are open for trading;
- t) 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, 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.

Words and expressions used and not defined in these regulations but defined in 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 rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation/s.

4. CORPORATE COMMITTEE FOR PROHIBITION OF INSIDER TRADING (CCPIT)

A Corporate Committee for Prohibition of Insider Trading consisting of the following employees has been formed at the Corporate Office, to monitor this Code of Conduct (for Prohibition of Insider Trading):

- a) Mr. H P Ledwani
- b) Mr. P Gopakumar
- c) Ms. Geetha D

Ms. Geetha D will work as the Secretary of the Committee. She will also work as the Compliance Officer.

5. ROLE OF COMPLIANCE OFFICER

- a) The Compliance Officer shall be responsible to 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.
- b) The Compliance Officer shall be responsible for monitoring adherence to the Rules for the preservation of “Unpublished Price-sensitive Information”, pre-clearing of Directors & Designated Employees and their immediate relatives, trades directly, monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of Directors of the Company.
- c) The Compliance Officer shall maintain a record of the Directors & Designated Employees and any changes made thereto.
- d) The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Directors / designated employees for a minimum period of five years.
- e) 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, 2015 and vis-a-vis ADFL’s Code of Conduct.

6. PRESERVATION OF “UNPUBLISHED PRICE SENSITIVE INFORMATION”

- a) Need to Know:
All UPSI shall be handled within the Company on a need-to-know basis, where “Need to Know” basis means Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duties and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

No Unpublished Price Sensitive Information shall be communicated or provided to any person, except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.

All the Directors & Insiders shall maintain the confidentiality of all the Price-Sensitive Information. They 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.

No person shall procure from or cause the communication by any Insider of UPSI, relating to ADFL's securities, except in furtherance of legitimate purposes, performance of his / her duties or discharge of legal obligations.

Unpublished price sensitive information (UPSI) may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the takeover regulations where ADFL's
- Board is of informed opinion that the proposed transaction is in the best interests of the Company;
- not attracting the obligation to make an open offer under the takeover regulations but where ADFL's Board is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute UPSI 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 may determine.

However, 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of UPSI.

b) Chinese Wall:

- To prevent the misuse of confidential information, the Company shall adopt a "Chinese Wall" policy / guidelines which separates those areas of the Company which routinely have access to confidential information, considered "inside areas" from those areas which deal with sales / marketing / investment advice or other departments providing support services, considered "public areas".
- The employees in "inside area" shall not communicate any Price-Sensitive Information to anyone in public area.
- The employees in "inside area" may be physically segregated from employees in public area.
- Demarcation of the various departments as "inside area" may be implemented by the Company.
- In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

- c) Limited access to confidential information:
Files containing confidential information shall be kept secured. Computer files must have adequate security login and password, etc.

7. PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION

All the Directors, KMPs, Designated Employees and Connected persons of ADFL shall be subject to trading restrictions as enumerated below:-

a) Trading Plan

An Insider shall be entitled to formulate a "Trading Plan" (TP) for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure, pursuant to which trades may be carried out, on his / her behalf in accordance with such plan.

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.

➤ Trading Plan shall:

- not entail commencement of trading earlier than six months from the public disclosure of the plan;
 - 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;
 - entail trading for a period of not less than twelve months;
 - not entail overlap of any period for which another trading plan is already in existence;
 - 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
 - not entail trading in securities for market abuse.
- The Compliance Officer shall consider such Trading Plan as mentioned under Clause 5(a) above. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.
- 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.

- However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.
- Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

b) Trading Window

- Compliance Officer shall specify a trading period, to be called “Trading Window”, for trading in ADFL’s securities. The trading window shall be closed during the time any ‘price sensitive information’ referred to below is unpublished.
- When the trading window is closed, the Directors & Designated Employees shall not deal or trade in ADFL’s securities even for a single share.
- The trading window shall, inter alia, be closed for the following purposes:
 - Declaration of Financial Results (quarterly, half-yearly and annual) whether audited or unaudited.
 - Declaration of dividends (interim and final)
 - Issue of securities by way of public / rights / bonus, etc.
 - Any major expansion plans or execution of new projects, etc.
 - Amalgamation, mergers, takeovers and buy-back.
 - Disposal of whole or substantially whole of the undertaking of the Company.
 - Any changes in policies, plans or operations of ADFL.

For an approximate period of 30 days (Audited Financial Results) & 7 days (Un - Audited Financial Results) including 48 hrs after dissemination of information.

- The Compliance Officer after taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market shall decide the timing for re-opening of the trading window, which in any event, shall not be earlier than forty-eight hours after the information becomes generally available.
- 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.
- 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.

8. PRE CLEARANCE OF TRADES

- All Employees other than Directors, Key Management Personnel, Designated Employees and their relatives/associates who intend to deal in the securities of ADFL (above a minimum threshold limit of 5000 shares), should pre clear the transactions. The pre-dealing procedure shall be as follows:
 - The Employee shall make an application in the prescribed Form to the Compliance Officer, indicating the estimated number of securities that the Designated Employee intends to deal in along with 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 the Company in this behalf.
 - The Employee shall execute an undertaking in favour of the Company inter alia, incorporating the following clauses, as may be applicable.
 - That the employee officer does not have any access or has not received any “Unpublished Price Sensitive Information” (UPSI) up to the time of signing the undertaking.
 - That in case the Designated Employee has access to or receives UPSI after the signing of the undertaking but before the execution of the transaction he / she shall inform the Compliance Officer about 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.
 - That he / she has not contravened the code of conduct for prevention of insider trading, as notified by the Company from time to time.
 - That he / she has made a full and true disclosure in the matter.
 - The Compliance Officer shall approve the Pre-Clearance application within 2 working days of its receipt, in the prescribed Form.
 - The Employee shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance, and shall file the details of such deal with the Compliance Officer in the prescribed form, within 2 (two) days of the execution of the deal. In case the transaction is not undertaken, a report to that effect shall be filed.
 - If the order is not executed within seven days after the approval is given, the Employee must pre-clear the transaction again.

9. Opposite Transactions

A Director / Employee who buys or sells 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 and shall also not take positions in derivative transactions in the shares of the Company at any time.

In case of any contra trade gets executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged

for remittance to the (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

- Other Provisions
 - The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
 - The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.
 - Every Connected 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)

9. TRADING WHEN IN POSSESSION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Insider shall not trade in the securities of ADFL, when in possession of UPSI, provided that the Insider may prove his innocence by demonstrating the circumstances, including the following:

- 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.
- In the case of non-individual insiders:-
 - 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
 - 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.
 - The trade pursuant a trading plan set up in accordance with clause 7(a) of this code.

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.

- 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 the Board.

10. DISCLOSURE REQUIREMENTS

a) Initial Disclosures

- Every Promoter, Key Managerial Person, Director & Designated Employees of the Company, and their immediate relatives shall, within thirty days of these regulations taking effect, submit the details of their holdings in ADFL's securities as on 15th May 2015, in the prescribed Form.(Annexure – Sheet 1)
- Every person on appointment as a KMP or a Director of the Company or upon becoming a Promoter, shall disclose his holding of securities in the Company and that of his / her immediate relatives, 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 – Sheet 2).

b) Continual Disclosure

- 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, 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 Lacs, in the prescribed form. (Annexure – Sheet 3)
- The disclosure shall be made within 2 working days of:
 - the receipt of intimation of allotment of shares, or
 - the acquisition or sale of shares or voting rights, as the case may be.

c) Disclosure by the Company

ADFL, in turn, within 2 trading days of receipt of the said disclosures, or of becoming aware of such information, shall notify to all the Stock Exchanges, on which ADFL's securities are listed, the information under the paragraphs of initial disclosure and continual disclosures.

11. DISSEMINATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

- No UPSI shall be passed by Connected Persons by way of making a recommendation for the purchase or sale of securities of the Company.
- Disclosure / dissemination of UPSI with special reference to analysts, media persons and institutional investors.
- The following guidelines shall be followed while dealing with analysts and institutional investors:
 - Only public information to be provided.

- At least two Company representatives be present at meetings with analysts, media persons and institutional investors.
- Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement should be made before responding.
- Simultaneous release of information after every such meet.

12. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT

- a) In case of any violation of the Code, a corporate action will be taken by CCPIT and punishment will be awarded, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.
- b) Action taken by CCPIT for violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will not preclude SEBI from taking any other action separately.
- c) Action in case of Default
Without prejudice to the Directions under Regulation 11, if any person violates provisions of these regulations, he / she shall be liable for appropriate action under Sections 11 - 11b, 11d chapter via and section 24 of the Act after giving an opportunity of being heard.
- d) In case of any violation of the regulations observed by ADFL / CCPIT, it shall be intimated to the SEBI by ADFL and such person (violator) will be subjected to action that may be taken by SEBI.
 - Under Section 24 of SEBI Act, 1992 anyone who contravenes the Regulations, is punishable with imprisonment for a maximum period of one year or with fine or with both.
 - Apart from the above, to protect the interest of the Investors and in the interest of the Securities Market and for the due compliance with the provisions of the SEBI Act, 1992 and the Regulations made thereunder, SEBI may even make enquiries and can even do inspection.
- e) Any person aggrieved by an order of the SEBI under these regulations may prefer an appeal to the Securities Appellate Tribunal (SAT).

All the Directors, Employees and Connected Persons are hereby requested to read and strictly follow the above referred Code at least while they are in the service of ADFL.