

# VELAN HOTELS LIMITED

Regd Off : 41, Kangeyam Road, Tirupur 641 604 – Tamil Nadu

## CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

### I. INTRODUCTION

The Securities Exchange Board of India (SEBI) with an aim to guard the interests of general investors has formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'the Regulations')

These Regulations came into force effective May 15, 2015 and were made applicable to all Listed Companies. It is mandatory in terms of the Regulations for every listed company to adopt a Code of Conduct for Prohibition of Insider Trading for its employees and other connected persons towards the compliance of the Regulations.

This document manifests the Code of Conduct for Prohibition of Insider Trading adopted by Velan Hotels Limited. The Code shall be applicable to employees and other connected persons holding professional or business relationships with the Company, and who may reasonably be expected to have access to unpublished price sensitive information in relation to the Company. Further, the Code also seeks to ensure timely and adequate disclosure of price sensitive information to the investor community, by the Company to enable them to take informed investment decisions with regard to its securities.

Any information that relates directly or indirectly to the Company, which, if published, is likely to materially affect the price of securities of the Company, is considered price sensitive.

### II. DEFINITIONS

In this Code unless the context otherwise requires;

1. "Board" means the Board of Directors of Velan Hotels Limited and shall include any Committees of the Board.
2. "Code" means this Code of Conduct for Prohibition of Insider Trading, for regulating, monitoring and reporting trading by employees and other connected persons towards compliance of the Regulations and as applicable and modified from time to time
3. "Company" means Velan Hotels Limited and includes its successors, assigns.
4. "Compliance Officer" means the Company Secretary of the Company and in his absence such officer as the Board may designate.

5. “Connected Person” means
- a) any person who is or has during the 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 may contractual, fiduciary or employment relationship or by being 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.
  - b) 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:
    - (i) an immediate relative of connected persons specified in clause (i); or
    - (ii) a holding company or associate company or subsidiary company; or
    - (iii) an intermediary as specified in Section 12 of the Securities and Exchange Board of India Act, 1992
    - (iv) an investment company, trustee company, asset management company or an employee or director thereof; or
    - (v) an official of a stock exchange or a clearing house or corporation; or
    - (vi) a member of board of trustees of a mutual fund or a member of board of directors of the asset management company of a mutual fund or is an employee thereof; or
    - (vii) a member of the board of directors or an employee of public financial institution as defined in Section 2(72) of the Companies Act, 2013; or
    - (viii) an official or an employee of a self-regulatory organization recognized or authorized by the Securities and Exchange Board of India; or
    - (ix) a banker of the Company; or
    - (x) 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;
6. “Designated Persons” means employees and Connected Persons who have access to or likely to have access to or deemed to have access to Unpublished Price Sensitive Information.
7. “Director” means a member of the Board of Directors of the Company.
8. “Generally available information” means information that is accessible to the public on non-discriminatory basis.

9. "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;
10. "Insider" means any person who is a Connected Person or is in possession of or having access to unpublished price sensitive information;
11. "Promoter" shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
12. "Insider Trading" means dealing by an Insider or a Connected Person in any manner in the Company's securities on the basis of "Unpublished Price Sensitive Information (UPS I)" used to make profit or avoid loss in the transactions in securities of the Company.
13. "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund;
14. "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
15. "Trading day" means a day on which the recognized stock exchanges are open for trading;
16. "Trading Window" shall mean that period specified by the Compliance Officer during which Insiders and Designated Persons and their immediate relatives are prohibited from any form of dealing in the Company's Securities.
17. "Unpublished Price Sensitive Information" (UPS I) means any information relating the 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:
  - a) Periodical financial results of the Company (quarterly, half-yearly and annual).
  - b) Intended declarations of dividend (interim and final).
  - c) change in capital structure
  - d) Any material events in accordance with listing agreement.
  - e) Amalgamation, mergers, demergers, takeovers, de-listings, disposals and expansion of business and such other transactions.
  - f) Change in key managerial personnel

### **III. COMPLIANCE OFFICER:**

The Company Secretary shall be the Compliance Officer and shall be the Chief of Investor Relations to ensure compliance and effective implementation of the Regulations and also the Code across the Company. The Compliance Officer shall hold the position so long as he/she is in the employment of the Company. In the absence of Company Secretary, the Board shall designate a key managerial person who will function as Compliance Officer and Chief of Investor Relations.

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

The Compliance Officer is empowered to regulate the closing and opening of trading windows and also accessing and sharing of UPSI by Insiders, employees and Connected Persons. The Compliance Officer shall formulate Chinese walls for the sake of avoiding access to and sharing of UPSI prior to it becoming Generally Available Information.

The Compliance Officer shall maintain list of Designated Persons and other employees who can be Insiders or Connected Persons and are subject to compliance of Chinese wall provisions and trade related embargo as informed by the Compliance Officer from time to time.

The Compliance Officer shall report to the Board and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board at such frequency as may be stipulated by the Board.

The Compliance Officer shall maintain a record of the Insiders, Connected Persons and Designated Persons and any changes made in the list thereto.

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 the Code adopted by the Company.

### **IV. RESTRICTION ON COMMUNICATION AND TRADING BY INSIDERS**

1. Insider Trading at any time by an Insider or a Connected Person or Designated Person on the basis of UPSI or while in possession of UPSI is prohibited.
2. Insiders, Connected Persons and Designated Persons are prohibited at all times from counseling or procuring any person (including a body corporate) to deal in the Company's securities on the basis of UPSI.
3. Insiders, Connected Persons and Designated Persons are prohibited at all times from directly or indirectly communicating UPSI to any person including a body corporate unless in furtherance of legitimate purposes or in performance of duties or discharge of legal obligations.

4. All information shall be handled within the Company on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of Insider's legitimate purposes, performance of duties or discharge of his or her obligations.
5. The Compliance Officer shall maintain list of Designated Persons based on their functional role in the Company to be covered by this Code. Such Designated Persons shall execute trades subject to this Code and subject to Regulations. The Compliance Officer shall regulate the closing and opening of trading window and accordingly communicate the same to Designated Persons who are duty bound to comply the same as regards trading. Designated Persons and their immediate relatives are prohibited from trading when the trading window is closed. Such Designated Persons shall also include auditors, consultants, law firms, advisors, analysts etc who are assisting or advising the Company.
6. The Compliance Officer shall determine the closing and re-opening of the trading window after taking into account various factors including the UPSI to be considered by Board / Committee of the Board, UPSI becoming Generally Available Information for being assimilation by the market, which shall not be a period earlier than 48 hours from the time UPSI becomes a Generally Available Information.
7. The Compliance Officer shall put in place Chinese Walls procedures and processes for permitting or prohibiting any Designated Person to cross the Wall.
8. The Compliance Officer shall also require Insiders, Connected Persons or Designated Persons to report in prescribed format their holding and trading in securities from time to time.

**a) Reporting requirements for transactions & securities**

Every promoter, key managerial person, director shall disclose to the Compliance Officer in writing, the details of the securities held by him / her, the date from which securities are held, the number of securities held at the time of implementation of the Code of Conduct for prevention of the Insider Trading or joining the Company or becoming the Director of the Company and such other information relating to the Securities as the Compliance Officer may require.

- (i) Every person on appointment as a key managerial person or a director of the Company or upon becoming Promoter shall disclose his or her holdings of Securities of the Company as on the date of appointment as key managerial person or a director of the Company or upon becoming Promoter within seven days of such appointment or becoming Promoter.

- (ii) Every Promoter, director of the company shall furnish a statement of any transaction in securities (either acquisition or disposal) by them within two trading days whether in one transaction or in a series of transactions over a calendar quarter, aggregates a traded value in excess of five lakh rupees.
- (iii) Insiders and Designated Persons shall disclose bi-annually their holding and or trading, if any, in the Company's securities.
- (iv) The Compliance Officer shall maintain records of all disclosures made by the Insiders and Designated Persons.
- (v) The Compliance Officer shall place before the Managing Director on a monthly basis all the details of the dealing in the securities by Insiders and Designated Persons and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

**b) Pre-clearance of trades and trading plans**

- (i) Insiders and Designated Persons are required to formulate a Trading Plan detailing the number of securities to be traded, nature of trade and intervals thereof, dates for effecting the trade.
- (ii) Trading Plans shall be submitted to the Compliance Officer for approval and for further public disclosure.
- (iii) Trading as per the Trading Plan shall be commenced only after the expiry of six months from public disclosure.
- (iv) Trading Plan so submitted shall be for a period not less than 12 months commencing from the expiry of six months from the date of its publication in order to avoid frequent announcement of trading plans.
- (v) No overlap of trading plans shall be permitted.
- (vi) Trading for a period between 20<sup>th</sup> day prior to last day of any financial period in respect of which results are to be announced and the second trading day after the results are announced shall not be permitted.
- (vii) Submission and publication of Trading Plan does not enable trading as per Plan without pre-clearance by the Compliance Officer. Pre-clearance for trading as per Trading Plan is compulsory and any trading of securities without such pre-clearance will amount to violation of this Code and the Regulations.

- (viii) Any pre-cleared trade shall be executed within 7 trading days thereof, failing which the pre-clearance granted will lapse and a fresh pre-clearance shall be required to execute trades.
- (ix) An Insider or Designated Person who is permitted to trade shall not execute a contra trade within a period of 6 months from the execution of the first trade. The Compliance Officer is empowered to grant relaxation against strict application of this restriction for reasons recorded in writing provided such relaxation does not violate the Code or the Regulations. Should a contra trade be executed inadvertently or otherwise in violation of the said restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit of Investor Protection and Education Fund administered by SEBI.
- (x) The Compliance Officer shall stipulate such formats as Board deems necessary for pre-clearance, reporting of trades, reporting of decisions not to trade after pre-clearance, recording reasons for such decisions and all other process and procedures as may be necessary for monitoring compliance with the Regulations.
- (xi) The Compliance Officer shall be required to review the Trading Plan, assess whether the same is in compliance of the Regulations, take an undertaking that the Insider or the Designated Person is either not in possession of any UPSI or makes it public prior to commencement of trade, approve and monitor the implementation of the Plan.
- (xii) Trading Plans once approved becomes irrevocable and the Insider or the Designated Person, as the case may be, shall mandatorily implement the same without any deviation.
- (xiii) Trading Plan shall not be commenced without making UPSI in the possession of the Insider a Generally Available Information and the Compliance Officer shall be entitled to defer the commencement of the Trading Plan till such time UPSI becomes a Generally Available Information.
- (xiv) Compliance officer shall be required to notify the stock exchanges where the shares of the Company are listed upon approval of the Trading Plan.
- (xv) The procedure contained herein intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information for enabling them to trade in securities in a compliant manner. The procedure would enable the formulation of a Trading Plan by an insider to enable him to plan for trades to be executed in future.

**c) Trading Window**

Trading Window shall be closed 9 days prior to any matter related or concerning UPSI is to be considered by the Board / Committee of the Board. During the period when the Trading Window is closed, the Insiders and their Dependant Family Members and Designated Persons shall be prohibited from Trading. The exact dates of each closure of the Trading Window shall be intimated to Designated Persons and it is the responsibility of each Designated Person to ensure compliance with this Code and by each of Insiders' Dependant Family Members. The Trading Window shall open after the expiry of 48 hours from the time of publication of UPSI.

**d) Chinese Wall**

The Compliance Officer is empowered to apply Chinese Wall in respect of matters relating to UPSI. Any agenda concerning UPSI in the Board / Committee Notice and Agenda can be shared prior to commencement of the Board Meeting / Committee Meeting in order to limit access to and sharing of UPSI. Any Insider or Connected Person or Designated Person shall not access or share UPSI to any person excepting sharing such UPSI in compliance of a statutory requirement without the prior written approval of the Compliance Officer.

**V. INVESTIGATION**

1. The Compliance Officer shall have the power to investigate suspected contraventions of this Code.
2. The Compliance Officer shall submit a report of his findings to the Managing Director within 7 days of commencement of investigation or such extended time period as the Managing Director may approve.
3. Based on the report of the Compliance Officer, the Managing Director shall be entitled to appoint any person to investigate a suspected contravention of this Code.
4. The Managing Director shall have the power to delegate to a person so appointed, all the powers including powers to call for information, examination, interrogation, recording evidence, etc.
5. In any investigation of suspected contravention of this Code the onus to prove that there is no violation of this Code, shall be on the concerned Insiders or their Dependant Family Members.
6. The Company's investigating officer shall, within 7 working days from the conclusion of the investigation, submit a report to the Chairman and/or the Managing Director.



7. The Managing Director after consideration of the investigation report shall communicate the findings to the person being investigated and accord him an opportunity of being heard before taking any action as contemplated in these rules.

## **VI. PENALTY FOR CONTRAVENTION OF THE CODE**

1. Every Insider shall be individually responsible for compliance with the provisions of this Code.
2. Any employee / officer / director / promoter who trades in securities or communicates any information for trading in securities in contravention of the Code may be penalised and appropriate action may be taken by the Company.
3. Employees / officers / directors / promoters of the Company who violate the code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, etc.
4. The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.
5. The Managing Director shall upon receipt of the report as above and based on the finding contained therein be entitled to take action against the person found guilty for violation of this Code as he may in his absolute discretion deem fit including but not restricted to:
  - a) Issue letter of warning stating that consequence of contravention / non-adherence would result in dismissal from services.
  - b) Any other suitable action, to facilitate the implementation of the spirit of the Code.
6. Under Section 15G of the SEBI Act, any Insider who indulges in insider trading in contravention of Regulation 3 is liable to a maximum penalty of Rs.25 crore or three times the amount of profits made out of insider trading, whichever is higher. Under Section 24 of the SEBI Act, any one who contravenes the Regulations is punishable with imprisonment for a maximum period of ten years or with fine which may extend to Rs.25 crore or with both.

### **Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015**

In case it is observed by the Company/Compliance Officer that there has been a violation of the Regulations or this Code, SEBI shall be informed by the Company.

**VII. AMENDMENTS TO THIS CODE**

The Board reserves the right to amend this Code as and when it deems appropriate.

For & on Behalf of the Board of Directors of  
**VELAN HOTELS LIMITED**

**Sd/-**  
**E.V.MUTHUKUMARA RAMALINGAM**  
**MANAGING DIRECTOR**

## SPECIMEN OF APPLICATION FOR PRE-DEALING APPROVAL

Date :

To  
The Compliance Officer  
Velan Hotels Limited  
Tirupur 641 604

Dear Sir / Madam

**Sub : Application for Pre-dealing approval in securities of the Company – Reg.**

Pursuant to provisions of SEBI (Prohibition of Insider Trading) Regulation, 2015 and the Company's Code of Conduct for Prevention of Insider Trading, I seek approval to Purchase / Sale / Subscription of .....of equity shares of the Company as per details given below:

1	Name of the Applicant		
2.	Designation		
3	No of Securities held as on date		
4	Folio No / DP Id / Client ID		
5	The Proposal for		a) Purchase of Securities b) Subscription to Securities c) Sale of Securities
6	Proposed date of dealing in securities		
7	Estimated No.of Securities proposed to be Purchased / Subscribed / Sold		
8	Price at which the transaction is proposed		
9	Current Market Price (as on date of application)		
10	Whether the Proposed transaction will be through Stock Exchange or off-market trade		
11	Folio No./DP ID/Client ID where the securities will be credited / debited.		

I enclosed herewith the form of Undertaking duly signed by me.

Yours faithfully

**(Signature of Employee)**

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE**

**UNDERTAKING**

To  
Velan Hotels Limited  
Tirupur

I.....of the Company residing at ..... am desirous of dealing in .....(No) of shares of the Company as mentioned in my application dated..... for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information ( as defined in the Company’s Code of Conduct for Prevention of Insider Trading (the Code) upto the time of signing this Undertaking.

In the event that I have access to or received any information that could be construed as “Price Sensitive Information” as defined in the Code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time.

I undertake to submit the necessary report within four days of execution of the transaction / a ‘Nil’ report if the transaction is not undertaken.

I approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek pre-clearance.

I declare that I have made full and true disclosure in the matter.

Date :

.....  
Signature

## FORMAT FOR PRE-CLEARANCE ORDER

To

Name : .....

Designation :.....

Place :.....

Dear Sir

This is to inform you that your request for dealing in .....(Nos) shares of the company as mentioned in your application dated.....is approved. Please note that the said transaction must be completed on or before .....(date) that is within 7 days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction / deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours truly

For Velan Hotels Ltd

Compliance Officer

Date :

Encl : Format for submission of details of transaction

**FORMAT FOR DISCLOSURE OF TRANSACTIONS**

**(To be submitted within 2 days of transaction / dealing in securities of the Company)**

To  
The Compliance Officer  
Velan Hotels Ltd  
Tirupur 641 604

I hereby inform that I

- Have not bought / sold / subscribed any securities of the Company
- Have bought / sold / subscribed to..... securities as mentioned below on ..... (date)

Name of holder	No.of securities dealt with	Bought / Sold / Subscribed	DP ID/Client ID / Folio No	Price (Rs)

In connection with the aforesaid transaction(s), I hereby to preserve, for a period of 3 years and produce to the Compliance Officer / Stock Exchange(s) /SEBI any of the following documents :

- 1.Broker’s contract Note
- 2.Proof of payments to/from brokers
- 3.Extract of bank passbook / statement (to be submitted in case of demat transaction)
- 4.Copy of Delivery Instruction slip ( applicable in case of sale transaction)

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. ( applicable in case of purchase / subscription)

I declare that the above information is correct and that no provisions of the Company’s Code and/or applicable laws / regulations have been contravened for effecting the above said transaction(s)

Signature.....

Name :

Designation :

Date :

**FORM B**

**SEBI (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a  
director/KMP/Promoter]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relative to/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

**Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of options*

Name & Signature:

Designation:

Date:

Place:

**FORM C**

**SEBI (Prohibition of Insider Trading) Regulations, 2015  
[Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relative to/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition / disposal (on market/public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

**Note:** “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.



**Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.*

Name & Signature:

Designation:

Date:

Place: