

SWAN DEFENCE AND HEAVY INDUSTRIES LIMITED

[Formerly known as Reliance Naval and Engineering Limited]

SECURITIES DEALING CODE

(Amended w.e.f. October 10, 2024)

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1. INTRODUCTION

Insider trading denotes dealing in a company's securities by its directors, employees or other persons connected with the company (e.g., consultants, advisors, auditors etc.) while in possession of information known only to them, and not yet made publicly available by the company, which, when made publicly available, can materially impact the price of the company's securities.

Insider trading results in a select few reaping profits (or avoiding losses) at the cost of other stakeholders and thereby undermines investor confidence. In the ultimate analysis, insider trading deters investment and development of capital markets. Apart from being unethical, it is also an offence punishable under law.

Most developed markets in the world have a legislation to prohibit insider trading. In India, a similar legislation has been in place since November 1992 by way of the SEBI (Prohibition of Insider Trading) Regulations 1992. These were replaced with the SEBI (Prohibition of Insider Trading) Regulations 2015 ("Regulations 2015") w.e.f. 15th May 2015.

2. OBJECTIVE OF THE SDHI SECURITIES DEALING CODE

The objective of the SDHI Security Dealing Code ('code') is to:

- i. create focused awareness amongst potential Insiders and constituents in general, about the basic concepts behind the Insider Trading Regulations, the need for strict compliance with the Regulations and the penalties that may be attracted by non compliance;
- ii. lay down guidelines and create the necessary framework for transacting in SDHI's securities, seeking prior clearance for transactions wherever necessary;
- iii. set up a mechanism for periodical reporting of transactions;
- iv. enable creation of a structural database of insiders with reviews at regular intervals;
- v. lay down procedures for investigating leak/suspected leak of UPSI; and

- vi. set up a strong internal control framework to establish that systems are working properly.

3. IMPORTANT DEFINITIONS AT GLANCE

(i) **Connected Person**

- (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 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;
- (b) 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) (a); or
 - ii. holding company or associate company or subsidiary company; or
 - iii. an intermediary such as stock broker, sub-broker, share-transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment advisor and such other intermediary who may be associated with securities market or an employees or director thereof; or
 - iv. an investment company, trustee company, asset management company or an employee or director thereof; or
 - v. an official of a stock exchange or of clearing house or corporation; or
 - vi. a member of board of trustee of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or employee thereof; or
 - vii. 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
 - viii. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

- ix. a banker of the Company; or
- x. a concern, firm, trust, HUF, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than 10% of the holding or interest.

Note: A connected person is one who has a connection with the Company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons. The onus is on the connected person to prove that they are not connected person. The definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are in the know of company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about the Company by virtue of any connection that would put them in possession of unpublished price sensitive information.

- (ii) **“Designated Person”** means a person as defined in Clause 6 of the Code
- (iii) **“Generally available information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media.
- (iv) **“Immediate Relative”** mandatorily covers a spouse of a person, and will also include 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.

Note: The immediate relatives of a connected person too become connected persons. The onus is on such persons to prove that they are not connected persons.

- (v) **“Insider”** means any person who is
 - a. a connected person; or
 - b. in possession of or having access to unpublished price sensitive information

Note: Anyone in possession of or having access to unpublished price sensitive information is considered as 'Insider' regardless of how one came in possession of or had access to such information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would be on the person levelling the charge after which the person who has traded may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading in possession of such information was squarely covered by the exonerating circumstances.

- (vi) **“Key Managerial Personnel (KMP)”** will include –
 - a. Managing Director, or Chief Executive Officer, or a Whole-time Director, or the Manager;
 - b. Company Secretary;
 - c. Chief Financial Officer; and
 - d. Such other officer not more than one level below the Directors who is in whole-time employment and designated as Key Managerial Personnel by the Board
- (vii) **“SDHI Securities”** means securities or voting rights of SDHI, which are listed on any stock exchange.
- (viii) **“Legitimate Purposes”** would include information shared for the purposes mentioned hereunder:
 - a. Sharing of information, in furtherance of duties in ordinary course of business with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, consultants, etc.
 - b. Sharing of information for execution of specific projects
 - c. Sharing of information in discharge of legal obligations
 - d. Sharing of information for market sounding purposes to intermediaries and fiduciaries to obtain feedback from potential/existing investors about a transaction involving the Company.
 - e. Sharing of information for any genuine or reasonable purpose as may be determined by the Chief Investor Relations Officer (CIRO).

Provided that sharing of such UPSI has not be carried out to evade or circumvent the prohibitions of the SEBI PIT Regulations

- (ix) **“Material Financial Relationship”** means a relationship in which one person is a recipient of any kind of payment such as by way of a loan / a gift during the immediately preceding twelve months equivalent to atleast 25% of the payer’s annual income. However, this will not include relationships in which a payment is done as an arm’s length transaction.
- (x) **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- (xi) **“Trading” or “Trade”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities. ***It also includes trading done on behalf of the employee by portfolio managers, pledge / revocation of pledge and gift of shares.***
- (xii) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading.
- (xiii) **“Unpublished Price Sensitive Information (UPSI)”** means any information, relating to a company or its securities, which is not generally available and which upon becoming generally available, is likely to materially affect the price of the securities and shall ordinarily include the following:
 - a. financial results;
 - b. dividends;
 - c. change in capital structure;
 - d. mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
 - e. changes in key managerial personnel;

4. THE ESSENCE OF THE REGULATIONS AND THIS CODE:

- (i) An Insider is prohibited from communicating, providing or allowing access to any UPSI related to the Company or securities listed or proposed to be listed to any person except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- (ii) UPSI can also be communicated, provided, allowed access to or procured, in connection with a transaction that would:
 - a. entail an obligation to make an open offer under the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the company
 - b. not attract the obligation to make an open offer, but where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the Company and such UPSI is made generally available at least two trading days prior to the proposed transaction being effected.

Any person receiving information pursuant to a legitimate purpose as defined under Clause 3(viii) shall be considered as an 'Insider' and should be given due notice to maintain confidentiality of the UPSI in compliance with the SEBI PIT Regulations.

Any trade by an Insider while in possession of the UPSI would be presumed to have been motivated by the knowledge and awareness of such UPSI in his possession. The reason for the trade and purposes for which the funds are subsequently deployed would not be considered relevant while determining violation. Such Insider would need to prove his innocence.

5. TRADING PLANS

Insiders who may be perpetually in possession of UPSI are entitled to formulate a Trading Plan ('Plan') to enable them to plan for trades to be executed in future and present it to the Compliance Officer for approval and public disclosure.

The Insider:

- (i) Shall commence trading under such Plan only after a period of *one hundred and twenty calendar days* have elapsed from the date of public disclosure of the Plan
- (ii) Shall set out following parameters for each trade to be executed:
 - A. either the *value of trade* to be effected or the *number of securities* to be traded;
 - B. nature of the trade;
 - C. either specific date or time period not exceeding five consecutive trading days;
 - D. price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:
 - a. **for a buy trade:** the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;
 - b. **for a sell trade:** the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price.

Note:

- i. While the parameters in sub-clauses (i), (ii) and (iii) shall be mandatorily mentioned for each trade, the parameter in sub-clause (iv) shall be optional.
 - ii. The price limit in sub-clause (iv) shall be rounded off to the nearest numeral.
 - iii. Insider may make adjustments, with the approval of the compliance officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan and the same shall be notified on the stock exchanges on which securities are listed.
- (iii) Shall not use Plans for trading in securities for market abuse.

Pre-clearance shall not be required for trades executed as per the approved Plan. Trading window restrictions (other than the fixed closed period) will not apply for trades carried out in accordance with the Plan.

The Compliance Officer shall review the Plan to assess whether the Plan has the potential for violation of the SEBI PIT 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.

The Plan, once approved, shall be irrevocable and the Insider shall be mandatorily required to implement the same. However, the Insider shall not commence trading under the Plan if any UPSI in his possession at the time of formulation of the Plan has not become generally available at the time of commencement of the Plan. In such cases, the Compliance Officer will confirm that the commencement of trading under the Plan ought to be deferred.

6. DEALING IN SDHI SECURITIES BY “DESIGNATED PERSONS”

In addition to the prohibitions on Insiders described in Clause 4 above, this Code imposes certain additional responsibilities and restrictions on certain categories of persons, who are defined below as "Designated Persons".

A "Designated Person" includes an employee of SDHI, who, on account of his position / grade / cadre or nature of duties / function, is likely to be in possession of UPSI relating to SDHI securities or may appear to outsiders to be in possession of UPSI relating to SDHI securities.

The following categories of persons are notified as Designated Persons for the purpose of this Code:

- i. Directors of SDHI (Chairman / Managing Director / Whole-time Director / Non-Executive Director / Independent Director)
- ii. **All** employees of the Company i.e. two levels below CEO and of its holding company & material subsidiaries, in Executive Vice President cadre or equivalent and above (viz. two levels below CEO)
- iii. **All** employees of the Company, its holding company, and its subsidiaries, including fellow subsidiaries, who are members of the strategic decision-making group/committee/forum for the Company.

- iv. **All** employees of the Company in the Corporate Departments viz. Corporate Finance, Corporate Taxation, Corporate Audit Services, Corporate Secretarial, Corporate Legal, Investors Relations, Corporate Risk Management, Strategic Management and Corporate Strategy departments
- v. **All** employees from the Investor Relations Department and the Public Relations & Corporate Communications Department of the Company, its holding company, and its subsidiaries, including fellow subsidiaries, who are exclusively engaged in matters pertaining to the Company
- vi. Select employees of the Corporate Accounts Department who have access to the financial statements of the Company (as identified by the Department Head).
- vii. **All** Executive Directors, Key Managerial Personnel of holding company, subsidiary company including fellow subsidiary
- viii. **All** employees (secretaries, executive assistants, etc.) in the office of the personnel covered in (i), (ii) & (vii) above.
- ix. Select employees in any other department as may be determined by the Compliance Officer as likely to be in possession of UPSI
- x. Any support staff of the Company such as IT staff, secretarial staff, etc. who may have access to UPSI as may be determined by the Compliance Officer.
- xi. Employees other than the employees covered in (ii) & (vii) above, in holding company and material subsidiaries on the basis of their functional role and access to UPSI as may be determined by the Compliance Officer
- xii. Any other person as may be notified from time to time as a Designated Person by the Compliance Officer for the purpose of this Code.

Note:

Employees of group companies deputed to the above-mentioned departments of the Company will also be covered. However, employees of the Company deputed to group companies will be excluded. Project / site accountants should be excluded unless they are privy to UPSI.

Persons working with the company on Fixed Term Contract / Retainership/ Advisor basis or persons on third party rolls falling in any of the categories mentioned in Clause 6(ii) to 6(x) above will also be covered under Designated Persons.

7. RESPONSIBILITIES AND RESTRICTIONS ON DESIGNATED PERSONS

A Designated Person is:

- i. Required to submit an undertaking to comply with the Code in the form provided in **Annexure I**.
- ii. Required to preserve UPSI.
- iii. Required to maintain strict confidentiality of all UPSI.
- iv. Prohibited from passing on UPSI to any person directly or indirectly.
- v. Required to keep all records (physical as well as computer) secured and handle all information within the organization on a “**need-to-know**” basis.
- vi. Maintain a digital database as required under Clause 14 of the Code.
- vii. Required to furnish certain one-time information relating to self and immediate relatives and holdings and transactions in SDHI securities by self and immediate relatives and such other details as are prescribed refer Clause 8
- viii. Required to furnish event-based information with respect to transactions in the securities of the Company refer Clause 9
- ix. Required to obtain prior clearance of the Compliance Officer before dealing in SDHI securities exceeding such threshold limit as may be notified from time to time refer Clause 10
- x. Not supposed to apply for pre-clearance and not trade when in possession of UPSI even though the closed period is not notified till such time the UPSI becomes generally available.
- xi. Required to submit to the Company through the Fintrak portal details of transactions done within **2 trading days** of effecting the transaction.
- xii. Not deal in the derivatives of the Company.
- xiii. Not supposed to deal in SDHI securities during certain Closed Periods as may be notified generally or from time to time refer Clause 11
- xiv. Not execute a contra trade within a period of **6 months** from the date of last transaction either by self or his immediate relatives

Thus:

- While purchasing SDHI securities in the market, there should not have been any **market** sales in the last 6 months and no SDHI securities can be sold for a further period of 6 months from the date of last purchase.

- While selling SDHI securities in the market, there should not have been any **market** purchases in the last 6 months and no purchases can be made for a further period of 6 months after the date of last sale.

It is hereby clarified that the six-month period commences from the date of the last transaction date.

Such persons may however apply to the Compliance Officer in **Form 5** for waiver of the restriction on contra trade, if there is a need to sell the said securities due to personal emergency.

If the opposite transactions are executed in violation of this provision, the profits from such trade, even if it is inadvertent, shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI.

- xv. Ensure that your portfolio manager / broker, if any, complies with the above requirements while dealing in Company securities on your behalf. Please note that the Insider will be held liable for any noncompliance by the portfolio manager / broker.

The Compliance Officer may, from time to time, also specify a list of securities of the Company in which trading is prohibited by Designated Persons, employees of the Company or connected persons.

8. FURNISHING ONE-TIME INFORMATION

- i. Every person, who becomes a Designated Person, is required to furnish the below details in Part A of Form 1 within 7 (seven) days of his becoming a Designated Person:
 - a. Immediate Relatives
 - b. Persons with whom the Designated Person has entered into a material financial relationship
 - c. Phone and cell numbers used by the persons referred to in (a) and (b) above

This information is to be submitted as of the date of becoming a Designated Person.

Every promoter, KMP and Director of the Company shall disclose to the Company the number of SDHI Securities held by self and his immediate relatives in **Form B within 7 (Seven) days** of such appointment.

Every Designated Person, on being designated as such, has to furnish on a one-time basis the name of the educational institutions from which he / she has graduated and names of all past employers in **Form E**

Every other Designated Person is required to furnish details of SDHI Securities held by him and his immediate relatives in **Form 2 within 7 (Seven) days** of becoming a Designated Person.

Designated Persons cannot enter into any derivative transactions in SDHI securities post the implementation of this Code.

9. FURNISHING EVENT BASED / PERIODIC INFORMATION BY PROMOTER, DIRECTOR AND DESIGNATED PERSONS (CONTINUAL DISCLOSURES)

- i. Every promoter, Director and Designated Person of the Company shall disclose in Form C to the Company, the number of securities acquired or disposed of within 2 trading days of such transaction, if the aggregate value of securities traded, whether in one transaction or a series of transactions over any calendar quarter, exceeds Rs. 10 Lakhs.

The Company shall notify the particulars of such trading to the Stock Exchanges on which the securities are listed within 2 trading days of receipt of the disclosure or from becoming aware of such information.

Note: Any incremental disclosures made after the disclosure made in Clause 9(i) above shall be made when the transactions effected after the prior disclosure cross the threshold limit of Rs. 10 lakhs.

Non-compliance of this Clause will be reported to the Stock Exchanges

SEBI, vide its circular dated 9th September 2020, has also mandated Stock Exchanges to independently monitor the trades of Designated Employees and publish the continual disclosures on its website as and when they are triggered.

Hence it is even more important that the provisions of this clause are strictly complied with. This can be effectively ensured if the employee adheres to Clause 7(xi) of the Code.

- ii. If so demanded by the Compliance Officer, Designated Persons are required to furnish copies of account statements of SDHI securities, or such other documents as may reasonably be required by the Compliance Officer, in order to enable him to verify the accuracy of the information furnished, and monitor adherence with this Code, by Designated Persons. Such statement or other document is required to be submitted within 7 calendar days of demand or within such extended period as may be allowed by the Compliance Officer.
- iii. The Compliance Officer shall report to the Chairman of the Audit Committee or Chairman of the Board of Directors on a quarterly basis the details of all trading in SDHI securities by Promoter, Director and KMP and disclosures received under Clause 9(i) above
- iv. **Every Designated Person has to furnish details as required under Clause 8(i) in Part A of Form 1 as and when there is a change in the information since last submission. In case there are no changes during the year, the said details should be furnished as of 1st April every year.**

The formats for submission of information / application by each Designated Person in order to comply with the requirements of the SEBI PIT Regulations / this Code are generated on the FINTRACK portal once the data is submitted by the Designated Person.

10. PRE-CLEARANCE OF DEALINGS

- i. Every Designated person is required to obtain pre-clearance from the Compliance Officer before dealing in SDHI securities (either buy / acquire or sell / dispose) by

self and / or immediate relatives, if the number of securities involved in the deal, in the aggregate, exceeds **1000 (One Thousand)** shares in a span of **7 calendar days**

Pre-clearance will not be required for trades executed in accordance with a duly approved trading plan.

- ii. **Pledging / Releasing / Invocation of pledge is permitted during closed period subject to obtaining pre-clearance irrespective of the number of shares involved**
- iii. If the aggregate of dealings in SDHI securities made within any 7 calendar days by the Designated Person and / or any of his immediate relatives exceeds the threshold limit specified in (i) above, the second & subsequent deals, if any, within the same period, will require preclearance, although each such deal may individually pertain to less than the threshold limit. Pre-clearance of trade shall not be required in case the designated employee has already filed “trading plan” and the same is approved by the Compliance Officer.
- iv. The application for pre-clearance is required to be made to the Compliance Officer in **Form 3** and the pre-clearance, if granted, shall be valid for 7 (seven) days starting from the date of pre-clearance. In other words, the pre-cleared transaction is required to be executed within **7 (seven) calendar days** starting from the date of pre-clearance, failing which pre-clearance would be required to be sought afresh. The pre-clearance granted would however become void with immediate prospective effect if a Trading Window Closure Period is announced during the validity of the pre-clearance refer Clause 11.
- v. The attention of Designated Persons is specifically drawn to the declaration and undertaking which forms an important and integral part of the application for pre-clearance. The declaration and undertaking *inter alia* states that the Designated Person is not in possession of UPSI relating to SDHI securities at the time of signing of the declaration and undertaking and that should he receive any such UPSI after signing but before execution of the transaction applied for, he will refrain from executing the transaction.

It is important to note that any violation of this declaration and undertaking is liable to attract the serious consequences of default specified in Clause 17 of this Code both from SEBI as well as the Company.

- vi. The Designated Person is required to confirm to the Compliance Officer, in **Form 4**, within 2 (two) days of the transaction or within 2 (two) days of the expiry of the validity of the pre-clearance, whichever is earlier, that the pre-cleared transaction has been executed or has not been executed (*Note: Reason has to be provided in case of non-execution*), as the case may be. The Designated Person should also ensure that requirement under Clause 9(i) is complied with.

11. PROHIBITION ON DEALING DURING CLOSED PERIODS

- i. A “**Closed Period**” is such period as may be notified by *the* Compliance Officer, either generally (‘Fixed Closed Period’) or from time to time (‘Event-based Closed Period’), during which Designated Persons and immediate relatives are prohibited from dealing in SDHI securities. ***This will 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.***

A “**Special Closed Period**” may also be notified by the Compliance Officer from time to time, which would apply only to specified employees who would be individually notified. During such Special Closed Periods, only the individually specified employees who have been notified and their immediate relatives are prohibited from dealing in SDHI securities.

- ii. The Fixed Closed Period will commence on the first day after the end of the quarter and will remain in force **till the end of 48 hours** after the Board meeting for adoption of quarterly / annual financial statements.

The dates of the respective Board Meetings for the above purposes will be notified by the Compliance Officer.

- iii. Special Closed Periods will be notified by the Compliance Officer from time to time as per requirement. Typically, events which may necessitate notification of Closed Periods will include intended declaration including proposal for issue of bonus shares, proposal for buy-back of shares / issue of shares on rights basis, proposal for merger, etc. and including period of preparation and pre-work, in which certain Designated Persons are involved. This necessitates notification of Special Closed Periods applicable only to such specified Designated Persons.

The specified Designated Persons, to whom such a special Closed Period may be notified, are also prohibited from communicating the notification of such Special Closed Period to any other person, except for legitimate purposes.

- iv. It is clarified that during Closed Periods / Special Closed Periods, all dealings in SDHI securities are prohibited, whether the same are within, or in excess of, the threshold limit notified under Clause 10(i) of this Code, i.e. whether requiring pre-clearance or not. Applications for preclearance will not be entertained during Closed Periods / Special Closed Periods and Designated Persons would need to apply afresh after the expiry of the Closed Period / Special Closed Period, if they intend to enter into the applied-for transaction.
- v. If a Closed Period / Special Closed Period is announced after the grant of pre-clearance but during the validity period of such pre-clearance (refer Clause 10(iii)), the pre-clearance shall immediately become void prospectively. Transactions already entered into prior to the announcement of the Closed Period / Special Closed Period, will however not be considered to be in violation of this Code.
- vi. **Exercise of ESOPs is permitted during the Closed Period.**
- vii. **Participation in Offer for Sale (OFS) of the Company / exercise or renunciation of rights entitlement by a Designated Employee will be permitted during the Closed Period if such OFS / rights entitlement issues are in compliance with the applicable SEBI Regulations.**

12. SPECIAL OBLIGATIONS ON PERSONS OTHER THAN DESIGNATED PERSONS

Fiduciaries such as the R&T Agent, Auditors, law firms, consultants, analysts and bankers, etc. who are in possession of UPSI are required to comply with their entity's Internal Code of Conduct with respect to Insider Trading.

13. CODE OF FAIR DISCLOURE AND CONDUCT

SDHI has formulated Code of Practices and Procedures for Fair Disclosure of UPSI that it would follow in order to adhere to each of the principles. The Code and any amendment thereof shall be published on the Company's website. The Company has in place procedures for inquiry in case of leak / suspected leak of UPSI (as part of the Whistle-blower Policy) and also would promptly intimate the same to the Stock Exchanges.

14. MAINTENANCE OF DIGITAL DATABASE

The Company will internally maintain an electronic record containing the name, PAN / any other identifier authorized by law (in case PAN is not available) and such other details of persons with whom UPSI is shared under the provisions of Clause 3(viii) of this Code and the nature of UPSI. Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non tampering of database. Such database shall be preserved for a period of not less than eight years after completion of the relevant transactions and in the event of any investigation by SEBI, it will be preserved till the completion of such proceedings.

The Designated Persons who share UPSI for legitimate purposes will be responsible for reporting the following details in the Digital Database through the FINTRACK Portal to the Compliance Officer:

- Name of the recipient of UPSI
- Name of the organization / entity whom the recipient represents
- Role of the recipient
- PAN and E-mail address of the recipient

It should be ensured that in addition to obtaining the above details, confidentiality agreements are entered into with or notice is served on such persons with whom UPSI is shared for legitimate purposes before sharing such information. The list of such persons should be reviewed periodically.

The Audit Committee shall review on an annual basis the compliance with the provisions of the SEBI PIT Regulations and verify that the systems for internal control are adequate and operating effectively.

15. EFFECTIVENESS OF SYSTEMS FOR PREVENTION OF INSIDER TRADING

The Corporate Secretarial department / Corporate Audit Services is responsible to periodically review and verify the effectiveness of internal controls and processes in respect of the following areas:

- i. Employees having access to UPSI being identified as 'Designated Persons'.
- ii. Identification of UPSI and maintaining confidentiality.
- iii. Adequacy of restrictions on communication or procurement of UPSI
- iv. Maintenance of list of employees and persons with whom UPSI is shared and execution of confidentiality agreements / serving of notice in this regard.

16. COMPLIANCE OFFICER AND CHIEF INVESTOR RELATION OFFICER

The Company Secretary will act as the Compliance Officer for the purposes of the SEBI PIT Regulations and this Code and will be appointed by the Board of Directors.

The Head of Investor Relations will act as the Chief Investor Relation Officer and shall be responsible to make UPSI generally available.

17. WHAT ARE THE CONSEQUENCES OF DEFAULT?

The consequences of default shall include the following:

- i. Insiders who violate the SEBI PIT Regulations, are liable to a penalty that may be imposed by SEBI of Rs. 25 crores or 3 times the amount of profits made out of insider trading, whichever is higher and shall also be punishable with imprisonment for a term extending to 10 years or both. (refer to Sec. 15G and 24 of SEBI Act).
- ii. SEBI is also empowered to pass directions to such Insider not to deal in the concerned securities in any particular manner and / or prohibit him from disposing of the concerned securities and / or declaring the concerned transaction(s) of securities as null and void, restraining the Insider from communicating or counseling any person to deal in securities, etc. (refer to Sec. 11(4)(b) of SEBI Act)
- iii. Additionally, if any person without justifiable reason refuses to cooperate in any investigation by SEBI with respect to Insider Trading, he shall be punishable with imprisonment for a term extending upto one year, or with fine upto Rs. One crore, or with both, and also with a further fine upto Rs. Five lakh for every day of such non co-operation. (refer Sec. 11C (6) of SEBI Act.)
- iv. Any violation of the SEBI PIT Regulations will be reported by the Compliance Officer to the Stock Exchanges.
- v. SDHI is also empowered to take appropriate action against any employee / officer / director who violates this Code. Such action may include penalties, wage freeze, suspension, ineligibility for future participation in employee stock option plans (wherever applicable), etc.
- vi. Depending on the nature of contravention of the provisions of this Code by a Designated Person, the Company would levy a penalty as per Annexure A.
- vii. A three-member senior level Committee comprising Managing Director or Chief Executive Officer if he so authorised by the Managing Director, Chief Financial Officer and Company Secretary of the Company formed for the purposes of this Code, who would examine the nature of the violations and determine the action to be taken for the violation.

- viii. All penalties levied by the Company will be deposited in the SEBI Investor Protection & Education Fund

18. ONLINE WEB PORTAL FOR FACILITATING COMPLIANCE

In order to facilitate the compliance of and reporting under the SEBI PIT Regulations and this Code by the Designated Persons under Clauses 7 to 10 and persons responsible for providing details under Clause 14, the Company has made available an employee self-service web-based module. This can be accessed through <https://fintraks.kfintech.com> and for details of the Digital Database can be entered into on the web portal through <http://fintrack.swan.co.in/>.

18A. PROTECTION TO EMPLOYEE FOR ACT OF WHISTLEBLOWING

SEBI has implemented a mechanism wherein an individual (including an employee) can inform SEBI about alleged violation of Insider Trading laws which have occurred / is occurring / is about to occur by filing a Voluntary Information Disclosure Form.

The Company will provide suitable protection to an employee who uses this mechanism from any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination, irrespective of whether the information is considered or rejected by SEBI.

19. CONCLUSION

Every Designated Person is required to familiarize himself with the SEBI PIT Regulations, which are attached. Designated Persons are also required to ensure that their relatives (and in particular their immediate relatives and any other person for whom the Designated Person takes trading decisions) and persons connected with them, do not violate the SEBI PIT Regulations / Code in letter and in spirit.

While a person may cease to be a Designated Person on retirement, resignation, etc. (and consequently would cease to be subject to this Code), he would continue to be a connected person for the purpose of the SEBI PIT Regulations for a period of 6 months from separation and is therefore required to abide with the SEBI PIT Regulations / Code.

If there are any queries or difficulties relating to the Regulations or this Code, please approach the Compliance Officer for assistance. Alternatively, you may also send an e-mail to ***vishant.shetty@swan.co.in.***

20. REVIEW OF THE CODE

The Board has authorized the Management Committee of the Board of Directors of the Company to make amendments to the Code as may be necessary including to meet any compliance requirements and the same shall be intimated to the Audit Committee.

PENALTIES FOR VIOLATIONS OF THE CODE (Refer Clause 17)

S. No	Particulars	
1	Penalty Chart	
(A)	Substantive Violations:	
(i)	First Time Violation	<p>Warning letter will be sent to employee by the Compliance Officer. In addition, the following penalty will be levied:</p> <ol style="list-style-type: none"> for Closed Period Trade (Clause 11) – Penalty of Rs. 5,000 for Contra-Trade (Clause 7 (xiv)) – Penalty of Rs. 5,000 plus Profit from contra-trade For trade without preclearance (Clause 10) – Penalty of Rs. 5,000 For delay in reporting Continual Disclosure (Clause 9(i))– Rs. 500 per day of delay subject to a maximum of Rs. 25,000.
(ii)	Second Time Violation	<p>Show-cause notice will be issued to the employee by the Compliance Officer and a time period of one week will be given to the employee for giving explanation.</p> <p>The explanation received from employee will be discussed by the Committee and the penalty to be levied will be decided based on the facts of the case as under:</p> <ol style="list-style-type: none"> for Closed Period Trade – Penalty of Rs. 10,000 for Contra-Trade – Penalty of Rs. 5,000 plus Profit from contra-trade For trade without preclearance – Penalty of Rs. 10,000 For delay in reporting Continual Disclosure (trades above Rs 10 lakhs in calendar quarter) – Rs. 1000/- per day of delay subject to a maximum of Rs. 50,000.
(iii)	Subsequent violations (where violations continue even after Sr. No. 2(A)(ii)	<p>Penalty of Rs. 2 Lakh and</p> <ul style="list-style-type: none"> freeze in increment; or freeze in promotion; or termination

(B)	Procedural Violations (Note 1):	
(i)	Holding mismatch cases	Penalty of Rs. 2,500
(ii)	Non-submission of Initial disclosure / One-time disclosures (One time) (Refer to Clause 8(i) and 8(ii) of the Code)	Penalty of Rs. 2,500
(iii)	Non-submission of Annual disclosures (Refer to Clause 9(iv) of the Code)	Penalty of Rs. 2,500
(C)	Passing of UPSI or soliciting of UPSI	Penalty upto Rs. 10 Lakhs and <ul style="list-style-type: none"> • freeze in increment; or • freeze in promotion; or • termination
	All above violations will be reported to the Stock Exchanges and the penalty and profits/loss recovered will be deposited with SEBI Investor Protection & Education Fund	

Note 1 - The Company will send an email asking Designated Employee to furnish / update the details within 5 days. Non-compliance after that period will be subjected to penalty.

Document Control:

Version	Author	Approved by	Date
01	Vishant Shetty	Board of Directors	October 10, 2024