

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)

Background:

Regulation (8) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates every listed Company to formulate a "Code of Practices and Procedure for fair disclosure of Unpublished Price Sensitive Information" (hereinafter referred to as the 'Code') in adherence to the principles set out in Schedule A to the said Regulations and publish it on Company's official website.

This Policy is intended to lay down the principles and practices to be followed by **Karnika Industries Limited** ("KIL") pertaining to disclosure of UPSI. The Company intends to follow best practices, duly compliant with Applicable Law, in the matter of disclosure of UPSI. The Company upholds the basic doctrine of Corporate Governance and to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework of the Company by prohibiting and regulating such activities within the applicable law.

Applicability:

This document embodies the Company's code of conduct for prevention of Insider Trading in Securities of the Company and encapsulates the restrictions, and the rules of conduct to be followed by the company. The Code of Fair Disclosure shall be applicable to the Promoters, Key Managerial Personnel, Board Members and Employees of the Company.

The Company Secretary shall be the Chief Investor Relations Officer (CIRO) for the purpose of this Code.

Code of Fair Disclosure:

A. Principles of fair Disclosure and Conduct:

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. The Compliance Officer of the Company shall act as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

8. Unpublished Price Sensitive Information (UPSI) may be disclosed to person who needs such information for furtherance of legitimate purpose for performance of duties of legal obligation of the Company.

B. Policy for determination of 'legitimate purpose:

- UPSI is in the nature of information relating to the Company, directly or indirectly, of precise nature that can have an impact on the prices of the securities of the Company if made public.
- Till the UPSI becomes a generally available information, UPSI can be shared only on a need-to-know basis and for legitimate purpose as provided hereunder and not to evade or circumvent the prohibitions of the Regulations
- Sharing of relevant UPSI with consultants, advisors engaged by the Company in relation to the subject matter of the proposed deal/ assignment in relation to UPSI;
- Sharing of relevant UPSI with intermediaries/ fiduciaries viz. Merchant bankers, legal advisors, auditors in order to avail professional services from them in relation to the subject matter of the UPSI;
- Sharing of relevant UPSI with persons for legitimate business purposes (e g., attorneys, investment bankers or accountants);
- Sharing of relevant UPSI with persons who have expressly agreed in writing to keep the information confidential, such as potential customers, other developers, joint venture partners and vendors, and not to transact in the Company's securities on the basis of such information.
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➤ The Compliance Officer who is acting as a chief investor relations officer shall maintain following records with respect to UPSI shares for legitimate purpose:

- a) What is the purpose behind sharing UPSI?
- b) Who had shared UPSI and he was authorised for the same?
- c) Whether non-disclosure agreement/ disclosures were signed while sharing UPSI?
- d) Whether the person who had shared UPSI had informed to Compliance Officer regarding sharing of UPSI?

Review/Amendment:

Any amendment to this Code shall be done through a resolution passed at the Board Meeting of the Company.

Violation of Code:

Any breach of the aforesaid Code should be promptly reported to the notice of Chairman and/or Managing Director of the Company for necessary action. The Company will take appropriate action against the defaulted person whose actions are found to be violating the code of the Company after giving him a reasonable opportunity of being heard.