

## Letter of Appointment

Dt: 21-07-2014

To  
Mr. Desh Deepak Khetrapal  
DIN # 02362633

Dear Sir,

### Sub: Appointment as a Director.

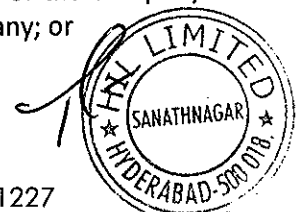
I am pleased to inform you on behalf of the Board of Directors of HIL Limited ("Board") that the members at their Annual General Meeting held on 18<sup>th</sup> July 2014, approved your appointment as an Director of the Company (under the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 read with rules framed there under and Listing Agreement entered into between the Company and the Stock Exchanges and all other provisions as may be applicable). This letter sets out the main terms of your appointment.

The Board and the Company are grateful to you for confirming in-principle acceptance to this appointment. It is agreed that, on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

Having regard to the nature of the rights and responsibilities of Directors of Indian listed companies, as well as good practices in corporate governance; the Company has adopted a formal letter of appointment for all Directors.

### 1. Appointment

- 1.1. Subject to the remaining provisions of this letter, your appointment under the category of Non Independent Non Executive Director and your period of office shall be liable to determination by retirement by rotation.
- 1.2. Your appointment is subject to the articles of association. Nothing in this letter shall be taken to exclude or vary the terms of the articles of association as they apply to you as a director of the Company.
- 1.3. Notwithstanding the foregoing paragraphs, the Company may terminate your appointment with immediate effect if you:
  - (a) commit a material breach of your obligations under this letter; or
  - (b) commit any serious or repeated breach or non-observance of your obligations to the Company (which include an obligation not to breach your duties to the Company, whether statutory, fiduciary or common-law); or
  - (c) are guilty of any fraud or dishonesty or acted in a manner which, in the opinion of the Company acting reasonably, brings or is likely to bring you or the Company into disrepute or is materially adverse to the interests of the Company; or



- (d) are convicted of any criminal offence resulting in imprisonment of not less than 6 months; or
- (e) are declared insolvent or have made an arrangement with or for the benefit of your creditors; or
- (f) are disqualified from acting as a director or required to vacate the office as a director, in accordance with the provisions of the Companies Act, 2013 read with rules framed there under, Listing Agreement or any applicable law, as amended from time to time.

1.4. If there are matters which arise which cause you concern about your role you should discuss them with the chairman or the company secretary of the Company. If you have any concerns that cannot be resolved, and you choose to resign for that, or any other, reason, you should provide an appropriate written statement to the chairman or the company secretary for circulation to the Board.

## 2. Time commitment

2.1. The Board normally meets for a minimum of 4 (four) times in a year and holds additional meetings as the occasion requires.

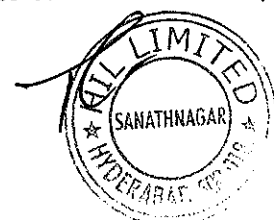
2.2. The Company requests you to confirm that you will be able to devote sufficient time and attention to meet the expectations of your role as a Director. You will be expected to devote such time as is necessary for the proper performance of your duties and you should be prepared to spend sufficient time for preparation for and attendance at:

- scheduled Board meetings
- scheduled meetings of the committees of the Board in which you are member
- general meetings of members including the AGM
- updating meetings/training
- meetings as part of the Board evaluation process
- such other activity / meeting as may be required for effective discharge of your professional obligations as a director.

2.3. Meetings may involve you in some travel within India or overseas. Unless urgent and unavoidable circumstances prevent you from doing so, it is expected that you will attend all the meetings outlined above.

2.4. The nature of the role makes it impossible to be specific about the maximum time commitment, and there is always the possibility of additional time commitment in respect of preparation time ahead of board meeting and *ad hoc* matters which may arise from time to time, and particularly when the Company is undergoing a period of increased activity. At certain times it may be necessary to convene additional Board, committee or shareholder meetings.

2.5. By accepting this appointment, you undertake that taking into account all other commitments you may have, you are able to, and will, devote sufficient time to your duties as a director.



2.6. The Company recognizes the demands on the time of its directors. Management, under the oversight of the chairman and fellow directors is expected to ensure that the most efficient and productive use is made of the time which the directors commit to the Company.

### 3. Role

3.1. The Board's role is to effectively represent, and promote the interests of, all the stakeholders with a view to adding long-term value to the Company's stakeholders. In the normal course of events, day to day management of the Company is left to management; the Board directs and supervises the management with regard to the business and affairs of the Company.

3.2. You acknowledge that the Board as a whole is collectively responsible for the success of the Company. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance;
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

### 4. Fiduciary Responsibility of the Director

4.1. A director of the Company shall act in accordance with the articles of association of the Company.

4.2. A director of the Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders particularly the minority shareholders, the community and for the protection of environment.

4.3. A director of the Company shall exercise his duties with due and reasonable care, skill and diligence.

4.4. A director of the Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company in terms of provisions of the Companies Act, 2013 read with rules framed thereunder, Listing Agreement and other applicable laws, as amended from time to time.

4.5. A director of the Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making undue gain, he shall be liable to pay an amount equal to that gain to the Company.

4.6. A director of the Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to -



- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

4.7. Unless specifically authorised to do so by the Board, a director of the Company must not enter into any legal or other commitment or contract on behalf of the Company.

4.8. Such other duties as may be specified by the Companies Act, 2013 read with the rules framed there under and Listing Agreement, as amended from time to time.

## 5. Code for Business Ethics and Price Sensitive Information

5.1. During your period of appointment you are also required to comply with the provisions of the Listing Agreement and the statutory regulations.

5.2. Your attention is drawn to the requirements under both law and regulation regarding the disclosure of price sensitive information, and in particular to the Rules, Regulations and guidelines issued by the Securities & Exchange Board of India, the Stock Exchanges and the Code of Conduct for prohibition of insider trading. You should avoid making any statements that might risk a breach of these requirements. If in doubt, you may please contact the chairperson or the company secretary for any guidance in this behalf.

5.3. The Company has also formulated a "HIL Limited Code of Conduct for Prohibition of Insider Trading" ("**Code of Conduct**"). "Code to Conduct", as amended by the Board from time to time, is required to be observed by all the directors and designated employees, and their relatives. A copy of the "Code to Conduct" is enclosed herewith as **Annexure -I** to the letter.

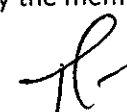
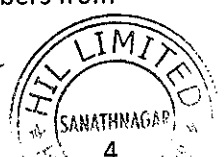

## 6. Committee Involvement

6.1. Board committees are formed when it is efficient or necessary to facilitate effective decision-making. From time to time, as deemed fit by the Board, you may be requested by the Board to serve on one or more Board committees.

6.2. The Board has appointed you as a member of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. As and when required, you may seek the assistance of the company secretary to ensure that you are aware of the committee's terms of reference and the responsibilities involved.

## 7. Remuneration and Expenses

7.1. As a Non Executive Director, you are eligible for sitting fees for attending meetings of the Board or committee thereof as decided by the Board from time to time. You shall also be eligible for receipt of profit related commission as may be approved by the members from time to time.

7.2. The Company will reimburse you for all expenses, as may be incurred by you for participation in the Board and other meetings, such as accommodation, travelling expenses etc., reasonably and properly incurred and documented.

7.3. All fees payable shall be subject to income tax and other statutory deductions.

7.4. On termination of the appointment, you shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

## **8. Board and Individual Director Evaluation Processes**

8.1. The performance of the Board as a whole, its committees and individual directors is evaluated annually. If, during the tenure of your directorship, there are any matters which cause you concern about your role you may discuss them with the chairman of the Board. You may also seek the assistance of the key managerial personnel's of the Company, as and when required, for effectively discharging of your duties.

## **9. Outside Interests Including Directorships**

9.1. It is accepted and acknowledged that you may have business interests other than those of the Company. You are requested to contact the company secretary as soon as possible to arrange for the disclosures of your interests, direct or indirect as a shareholder, director, partner or owner of other companies, body corporate, firms or other entities as required under the Companies Act, 2013 read with rules framed there under and under Listing Agreement, as may be amended from time to time.

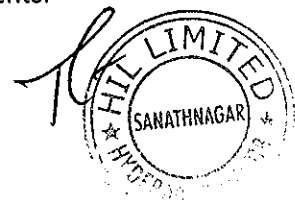
9.2. Please ensure that the Company is kept informed of any changes to your interests from time to time.

9.3. In the event that you become aware of any further potential or actual conflicts of interest, these should be disclosed to the company secretary as soon as they become apparent.

9.4. You will disclose any direct or indirect interest which you may have in any matter being considered at a board meeting or committee meeting and, save as permitted under the articles of association, applicable provisions of the Companies Act 2013 read with the rules framed there under and under Listing Agreement, you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest.

## **10. Shareholdings by Directors in the Company**

10.1. Directors when buying or selling shares are expected to strictly observe the provisions of the Company's articles of association, the Company's own internal rules including the "Code of Conducts" framed by Company and all relevant legislative and regulatory procedures including, in particular, stock exchange listing requirements.



## **11. Induction and Development Processes**

11.1. As soon as practicable, the Company will provide a comprehensive, formal and tailored induction programme aimed at broadening your understanding of the Company, its business, and the environment and markets in which it operates. As part of the programme, you will meet key management and receive essential Board and Company information. You will be expected to make yourself available for the purposes of the induction. The company secretary will be in touch with further details.

11.2. You are expected to remain updated on how to best discharge their responsibilities as directors of the Company including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

## **12. Directors and Officers Liability Insurance**

12.1. The Company provides all its directors with, and pays the premiums for, Directors and Officers Liability insurance cover, while acting in their capacities as directors. The present amount of the cover is Rupees Ten Crores.

12.2. You may obtain a copy of the relevant policy from the company secretary and satisfy yourself as to the suitability and extent of the cover.

## **13. Confidentiality**

13.1. All information acquired during your appointment is confidential to the Company and should not be released, communicated, nor disclosed either during your appointment or following the expiry of your term or vacation (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman/ Company Secretary.

13.2. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.

13.3. You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions.

## **14. Changes in personal details**

14.1. You shall advise the company secretary promptly of any change in address or other personal contact details.

## **15. Return of property**

15.1. Upon termination or completion of your term of your appointment with the Company (for whatever cause), you shall deliver to the Company all documents, records, papers or other company property which may be in your possession or under your control, and which relate in any way to the business affairs of the Company, and you shall not retain any copies thereof.

## 16. Data protection

16.1. By signing this letter, you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data or information (as defined in the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011) as applicable, information relating to:

- (i) password;
- (ii) financial information such as Bank account or credit card or debit card or other payment instrument details ;
- (iii) physical, physiological and mental health condition;
- (iv) sexual orientation;
- (v) medical records and history;
- (vi) Biometric information;
- (vii) any detail relating to the above clauses as provided to body corporate for providing service; and
- (viii) any of the information received under above clauses by body corporate for processing, stored or processed under lawful contract or otherwise.

16.2. You acknowledge that any information that is freely available or accessible in public domain or furnished under the Right to Information Act, 2005 or any other law for the time being in force shall not be regarded as sensitive personal data or information for the purposes of those rules.

16.3. You consent to the transfer of such personal information to other offices the Company may have or to other third parties, whether or not outside the Union of India, for administration purposes and other purposes in connection with your appointment, where it is necessary or desirable for the Company to do so.

## 17. Law

17.1. Your engagement with the Company is governed by and shall be construed and interpreted in accordance with the laws of India and your engagement shall be subject to the jurisdiction of the courts of Hyderabad, India.

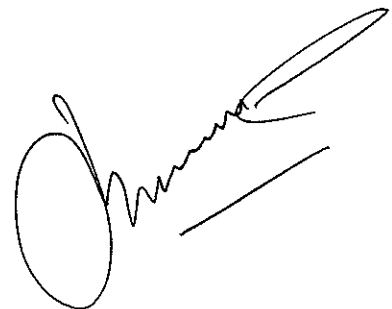
This letter constitutes the entire terms and conditions of your appointment and no waiver or modification thereof shall be valid unless in writing and signed by the parties hereto

Please confirm your acceptance by signing and returning to the Company the enclosed copy of this letter.

We look forward to your association with us.

Yours sincerely  
HIL Limited

  
P. Rajesh Kumar Jain  
Company Secretary

A large, stylized handwritten signature in black ink.

## ANNEXURE I

### HIL LIMITED CODE OF CONDUCT FOR PROHIBITION OF INSIDE TRADING

(As approved by the Board of Directors of the Company at its meeting held on 26<sup>th</sup> day of July, 2002 and updated in terms of further amendments to the said SEBI Regulations)

#### Applicability:

This code of conduct will be known as "HIL LIMITED CODE OF CONDUCT FOR PROHIBITION OF INSIDE TRADING" (Code of Conduct). "Code to Conduct" to be observed by the Directors and Designated Employees, and their relatives, as defined herein, of the Company in pursuant to Regulation 12 of SEBI (Prohibition of Insider Trading) Regulations 1992 and as amended and may be modified by the Board of Directors from time to time. In the construction of this code of conduct, unless there be something in the subject or context inconsistent therewith, words or expressions contained in these code of conduct shall bear the same meaning as in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

#### Policy of the Company:

The Company endeavors to safeguard the confidentiality of un-published price sensitive information and to prevent unjust exploitation of such information. The Company is committed to transparency and equality in dealing with all stakeholders and in ensuring adherence to all laws, Rules and Regulations.

None of the Designated Employee or Director, or their relatives, of the Company shall use his or her position / knowledge / information of the Company for his / her personal gain / benefit or release such information for the benefit of third party.

To achieve this objectives, HIL Limited, (herein after referred to as "the Company") hereby notifies that this Code of Conduct is to be followed by all Designated Employees, Director, Connected Persons and their dependent relatives.

#### Meaning of "Insider"

Insider means any person who, is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access, connection to unpublished price sensitive information in respect of securities of a company, or who has received or has had access to such unpublished price sensitive information.

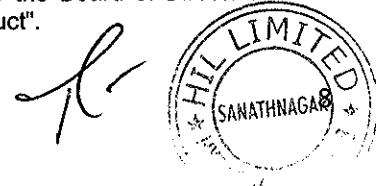
"Insider Trading" generally involves the act of subscribing or buying or selling of the company's securities, when in the possession of any unpublished price sensitive information about the Company. It also involves disclosing any unpublished price sensitive information about the Company to others who could subscribe or buy or sell the company's securities. Insider Trading invokes severe civil and criminal penalties not only on the Insider but also on the Company in certain circumstances under the Regulations issued in India under the Securities and Exchange Board of India (SEBI) Act, 1992. It is not hard to see that when Company insiders trade on the secondary market, they speed up the flow of information and forecasts into prices. Company insiders are in a unique position to make forecasts about the future risk and return on the securities of their Company, hence they might often correctly perceive market prices to be "too low" or "too high". When they trade on the secondary market, they serve to feed their knowledge into prices, thus making markets more efficient.

Insider trading is often equated with market manipulation, yet the two phenomena are completely different. Manipulation is intrinsically about making market prices move away from their fair values; manipulators reduce market efficiency. Insider trading brings prices closer to their fair values; insiders enhance market efficiency.

#### Definitions

Unless the context otherwise requires, the words, terms and expressions used in the Code shall have the meanings given in Regulation 2 of Chapter I of the Securities and Exchange Board of India (Prohibitions of Insider Trading) Regulations 1992.

- (a) "Act" means the Securities and Exchange Board of India Act, 1992.
- (b) "Body Corporate" means a Body Corporate as defined under clause (7) of Section 2 of the Companies Act, 1956.
- (c) "Regulations" mean the SEBI (Prohibition of Insider trading) Regulations, 1992 as amended from time to time.
- (d) "The Company" means HIL Limited, having its Registered Office at Sanatnagar, Hyderabad - 500018
- (e) "Board" means the Board of Directors of the Company.
- (f) "Director" means Directors on the Board of the Company including the Managing Director.
- (g) "Code" or "Code of Conduct" means the code of conduct for prohibition of insider trading of the Company.
- (h) "Compliance Officer" means – The Officer of the Company designated by the Board of Directors of the Company for the purpose of implementation and monitoring of the "Code of Conduct".





(i) **"Connected Person"** means any person who:

i. Is a Director, as defined in clause (13) of section 2 of the Companies Act, 1956 of Company, is deemed to be a Director of that Company by virtue of sub-clause (10) of section 307 of the Act; or

ii. Occupies the position of an office or an employee of the Company or holds a position involving a professional or business relationship between himself and the Company whether temporary or permanent and who may be reasonable be expected to have an access to unpublished price sensitive information in relation to the Company.  
Explanation: For the purpose of Clause (j) the words "connected person" shall mean any person who is a connected person six months prior to an act of insider trading.

(j) **"Designated Employee"** means:

(1) Officers comprising the top 3 tiers of Company Management, namely:-

a) The Board of Directors, Chief Financial Officer by whatever designation they may be called.

b) Business Heads by whatever designation they may be called (Presidents, Vice Presidents, Chief Operating Officer, General Managers, Regional Managers, etc.).

c) Functional Heads reporting to Business Heads by whatever designation they may be called (General Manager, Regional Manger, Managers, Company Secretary, etc.)

(2) All the Executives / Employees of the Company at or above the level of Manager / Assistant Manager / Deputy Manager or by whatever designation they may be called.

(3) Such other employees as may be designated by Managing Director or Compliance Officer, as the case may be, from time to time.

(k) **"Insider"** means any person who

i) is or was connected with the Company or is deemed to have been connected with the Company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of the Company or

ii) has received or has had access to such unpublished price sensitive information.

(l) **"Investigating authority"** means any officer of the SEBI or any other person, not being a firm, body corporate or an association of persons, having experience in dealing with the problems relating to the securities market and who is authorised by the SEBI under Chapter III of the Regulations;

(m) **"Officer of Company"** means person as defined in sub-section (30) of section 2 of Companies Act, 1956 including an auditor of the Company.

(n) **"Dependents or Dependent Family Members"** means self and spouse, dependent children, dependent parents, dependent in-laws, dependent brothers & sisters.

(o) **"Dealing in securities"** means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in the securities of the Company by any person either as principal or agent.

(p) **"Person is deemed to be a connected person"**: if such person

i. is a Company under the same management or group or any subsidiary Company thereof within the meaning of sub-section (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 as the case may be;

ii. is an intermediary as specified in section 12 of the Act, Investment Company, Trustee Company, Asset Management Company or an employee or Director thereof or an official of a Stock Exchange or of clearing house or corporation;

iii. is a merchant banker, share transfer agent, registrar to and issue, debenture trustee, broker, portfolio manager, investment advisor, sub-broker, Investment Company or and employee thereof, of, is an member of the board of the 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 who have a fiduciary relationship with the Company;

iv. is a member of the Board of Directors, or an employee of public financial institution as defined in section 4A of the Companies Act, 1956;

v. is an official or employee of a self regulatory organization recognized or authorised by the board of a regulatory body;

vi. is a relative of any of the above mentioned persons;

vii. is a banker of the Company; or

viii. is a relative of the connected person as defined in the Code of Conduct; or

(q) **"Price Sensitive Information"** means any information, which relates directly or indirectly to the Company and which if published is likely to materially affect the price of the shares of the Company.

Explanation —

The following shall be deemed to be price sensitive information:

— Declaration of Financial Results (quarterly, half-yearly and annual)

— Declaration of dividends (interim and final)

— Issue of securities by way of public/rights/bonus etc

— Any major expansion plans

— Amalgamation, mergers, takeovers and buy-back

— Disposal of whole or substantially whole of the undertaking

— Any changes in policies, plans or operations of the Bank

— Any other related information



(r) "Securities" shall mean the Equity Shares of the Company and such other securities of the Company issued from time to time as may be specified by the Board or the Managing Director, as the case may, be of the Company.

(s) "SEBI" means Securities and Exchange Board of India.

(t) "Trading Window" means the period during which the designated employees and Directors of the Company may trade in the Company's securities subject to the restrictions imposed by or under the Code.

(u) "Threshold Limit" shall mean "5000 shares" in case of directors and "2000 shares" in case of designated employees or their relatives, as the case may be or such other limit as may be specified by the Board of Directors from time to time.

(v) "Unpublished" means information which is not published by the Company. Explanation: Speculative Reports in print or electronic media shall not be considered as published information.

(w) "Relative" means a person, as defined in Section 6 of the Companies Act, 1956

(x) "Stock Exchange" means a stock exchange which is recognised by the Central Government or SEBI under Section 4 of Securities Contracts (Regulation) Act, 1956 (42 of 1956)

(y) "Unpublished" means information which is not published by the Company or its Agents and is not specific in nature.

Explanation – Speculative Reports in print or electronic media shall not be considered as published information.

#### Compliance Officer

For purposes of this Code, the Company Secretary of the Company shall be the Compliance Officer. The Board may, where it is considered necessary so to do, appoint such other officer of the Company, as it may consider proper as such Compliance Officer. In the absence of the Compliance Officer for whatsoever reason, any Officer as the Managing Director may decide, shall act as and discharge the functions of the Compliance Officer. The Compliance Officer shall report to the Managing Director as the case may be.

a) The Compliance Officer shall maintain a record of the designated employees and any changes made in the list of designated employees.

b) The Compliance Officer shall assist the designated employees and Directors in addressing any clarifications regarding the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Code.

c) He shall maintain records of all the declarations submitted in the appropriate form given by the Directors, Officers or Designated Employees.

d) He shall be responsible for overseeing and coordinating disclosures of price sensitive information to Stock Exchanges, stakeholders and media, and educating staff on disclosure policies and procedures and report to the Managing Director.

#### Preservation of "Price Sensitive Information"

Directors, Officers, Designated Employees shall maintain the confidentiality of all Price Sensitive Information. The Designated employees and Directors shall not:

a) Pass on the Price Sensitive Information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company; or

b) Disclose Price Sensitive Information to their family members, friends, business associates or any other individual ; or

c) Discuss Price Sensitive Information in public places

d) Communicate any unpublished price sensitive information to any person except those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

e) Communicate or counsel any unpublished price sensitive information to any person and who while in possession of such unpublished price sensitive information shall not deal in the Securities of the Company.

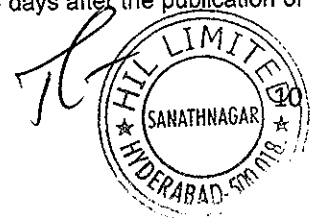
f) Use price sensitive information to buy or sell the securities of the Company whether for their own account or their relatives account.

For safeguarding the Price Sensitive Information, unpublished Price Sensitive Information is to be handled on a "need to know basis" i.e., information shall be provided only to those employees of the Company who need to know such information to discharge the duties assigned and disclosure of such information does not result in conflict with personal interest or misuse of information.

All Directors / Officers / Designated Employees will have to keep the files containing confidential information relating to price sensitive information fully secured. Computer files must be kept adequate security of login and password etc.

#### Trading Window

(1) The Directors / Officers / Designated Employees and their dependents shall not trade in the Company's securities during the period when the Trading Window is closed. The Trading Window shall be closed, inter alia, 15 days before the happening of the following events and shall remain close up to 5 days after the publication of the price sensitive information:



- a) Declaration of financial results (quarterly, half-yearly and annual).
- b) Declaration of dividends (both interim and final).
- c) Issue of securities by way of public/rights/bonus etc.
- d) Any major expansion plans or execution of new projects.
- e) Amalgamation or mergers or takeovers and buy-back.
- f) Disposal of the whole or substantial part of the undertaking.
- g) Any significant changes in policies, plans or operations of the Company.

(2) The Trading Window shall be closed and shall be deemed to have been closed from the date notice is issued to the Directors convening a meeting of the Board to consider any of the items as specified above.

(3) Provided where any matter other than those specified in the code, is considered price sensitive, the Compliance Officer in consultation with Managing Director may close the Trading Window by giving immediate notice thereof to the designated employees and the Directors and accordingly the Trading Window will remain closed from the date of issue of such notice.

(4) During the sensitive times, the Directors, Officers, Designated Employees shall not deal in the securities of the Company and shall forgo the opportunity of trading.

(5) In case of ESOPs (if issued by the Company), 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 the Trading Window is closed.

#### **Pre-Clearance of Trades**

(1) All Directors / Officers / Designated Employees and their dependents may deal in the securities of the Company up to the minimum threshold limit prescribed under the Code, during the period when the Trading Window is open.

(2) All the designated employees or Directors of the Company who intend to deal in the securities of the Company above the minimum threshold limit prescribed under the Code during the period when the Trading Window is open, shall obtain the pre-clearance by making an application to the Compliance Officer in such form (forming part of this Code, as provided in the Regulations) as the Company may notify in this regard, from time to time.

(3) The Compliance Officer shall consider the application made as above and shall approve it forthwith and in any case not later than two working days from the date of the receipt of the application unless he is of the opinion that grant of such an approval would result in a breach of the provisions of this Code or the Regulations. Such approval / rejection would be conveyed through electronic mail or fax. Every approval shall be dated and shall be valid for one week from the date of approval.

(4) All Directors / Officers / Designated Employees and their dependents shall execute their order in respect of the securities of the Company within one week after the approval of pre-clearance and shall file within 4 days of execution of the deal, the details of such deal with the Compliance Officer in the prescribed form (forming part of this Code, as provided in the Regulations). In case the transaction is not undertaken, a report to that effect shall be filed with the Compliance Officer. If the order is not executed within one week after the approval is given, the Director / Officer / Designated Employee and their dependents must pre-clear the transaction again.

#### **Other Restrictions**

(1) All Directors / Officers / Designated Employees and dependent relatives, who buy or sell any number of securities 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. All Directors / Officers / Designated Employees and their dependents shall also not take positions in derivative transactions in the securities of the Company at any time. In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

(2) In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing the reasons in this regard.

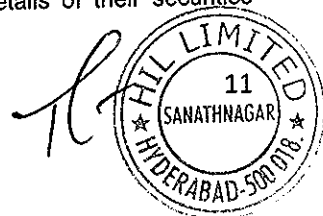
(3) Where any Analysts or Consultants are employed or retained by the Company, or where the Company is required to deal with investment analysts, consultants or such other person(s), such Analysts, Consultants or other persons shall disclose to the Company / its Compliance Officer their holdings / interest in the securities of the Company that they shall not deal in the securities of the Company for a minimum period of 30 days after their report / conclusions are published.

#### **Reporting Requirements for transaction in securities**

All the Directors / Designated Employees / Officers of the Company shall be required to forward the following details of their Securities transactions including the statement of their dependent family members (as defined in this code of conduct), in accordance with the provisions of these code of conduct, to the Compliance Officer, the gist of which is as under:

#### **Periodical disclosures**

All Directors / Officers / Designated Employees will have to forward the following details of their securities including that of their relatives / family to the compliance officer:



- i. Details of securities held in the Company by the person concerned at the time of joining and others with a period of two days from the date when this code is enforced.
- ii. Monthly statement of transactions in securities of the Company where total transactions exceeds 5000 shares in the case of directors and 2000 shares in case of others in a calendar month.
- iii. In the event of non-submission of statement, it shall be presumed that a NIL return is being filed.

#### **Yearly disclosure**

All the Designated Employees / Officers / Directors shall make annual disclosure at the end of every calendar year to the compliance officer, within 30 days, specifying therein the details as to shareholding in HIL Limited, as at the close of 31st December of that year.

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 three years.

The Compliance Officer shall place before the Managing Director and the Committee of Directors of the Company, on a monthly basis all the details of the dealings in the securities, of material nature, by the Directors / Designated Employees / Officers and their dependents and the accompanying documents that such person had executed under the pre-dealing procedure as envisaged in this Code.

#### **Penalty for Contravention of Code of Conduct**

Any designated employee who trades in securities or communicates any information for trading in securities, in contravention of the Code of Conduct may be penalized and appropriate action may be taken by the Managing Director or by any other person authorized by the Managing Director, as the case may be, after giving reasonable opportunity to explain his stand in the matter. The Board shall look into contravention of the Code by Directors.

The Designated Employees who violate the Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc. The provisions of this Code shall be deemed to have been incorporated in and form part of service rules governing the employees concerned of the Company.

The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), regulations, 1992.

#### **Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992**

In case it is observed by the Company that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Compliance Officer shall inform the SEBI of the same, within a reasonable time.

#### **Power to amend Code of Conduct**

The Code may be amended from time to time by the Board, in accordance with the regulations.

#### **CODE OF CORPORATE DISCLOSURE PRACTICE FOR PREVENTION OF INSIDER TRADING**

Code of Corporate Disclosure Practices for Prevention of Insider Trading to be followed by Listed Companies has been inserted by way of Schedule II in the SEBI (Prohibition of Insider Trading) Regulations 1992 by amendment of 2002.

#### **This Code provides for:**

- (a) Designation of Compliance Officer for coordinating and overseeing timely and adequate disclosures of Price Sensitive Information.
- (b) Prompt disclosure of Price Sensitive Information to stock exchanges on continuous and immediate basis.
- (c) Use various media to achieve utmost reach in spreading.
- (d) Use committed internet website.
- (e) Timely reporting of shareholdings and changes therein.
- (f) Stock Exchange should disseminate, disclosures made by the Companies in a quick and efficient manner through Stock Exchange network as well as its website.
- (g) Continuous disclosures made by companies should be published by Stock Exchange on its website instantly.
- (h) Responding to market rumors by verifying or denying and making the right disclosures.
- (i) The Code also provides special guidelines for disclosure of price sensitive information to analysts and institutional investors.

The Company shall disseminate all Price Sensitive Information on a continuous and timely manner to Stock Exchanges where the securities are listed and thereafter to the Press. As a good corporate practice, the Price Sensitive Information disclosed to the Stock Exchanges and to the Press may be supplemented by prompt updates on the Company's website. The Company may also consider other modes of public disclosure of Price Sensitive Information so as to improve investor access to the same.

#### **Gist of Disclosures to be made as per Regulations:**

##### **Initial Disclosure by member**

Any person who holds more than 5% shares or voting rights in any listed Company shall disclose to the Company, the number of shares or voting rights held by such person, on becoming such holder, within two working days of the receipt of intimation of allotment of shares or the acquisition of shares or voting rights, as the case may be.



**Initial Disclosure by Director or Officer**

Every Director or officer of a listed Company shall disclose to the Company, the number of shares or voting rights held by him and position taken in derivatives by such person and his dependents, within two working days of becoming a Director or Officer of the company.

**Continual Disclosure by member**

Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company within two 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, the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure and such change exceeds two percent of the total shareholding or voting rights in the Company.

**Continual Disclosure by Director or Officer**

Every Director or Officer of a listed Company, shall disclose to the Company and Stock Exchanges where the securities of the Company are listed, within two 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, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings from the last disclosure made and the change exceeds Rupees 5 lacs in value or 25000 number of shares or one percent of total shareholding or voting rights in the Company, whichever is lower

**Disclosure by Company to Stock Exchanges**

Every listed company, within five days of receipt of above disclosures shall disclose the same to all stock exchanges on which the company is listed.

