

**BHARAT DYNAMICS LIMITED**  
**THE CODE OF INTERNAL PROCEDURES AND CONDUCT FOR PROHIBITION OF**  
**INSIDER TRADING IN DEALING WITH THE SECURITIES**

**CHAPTER-I**  
**PRELIMINARY**

1. (a) This code shall be called "The Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited" (hereinafter referred to as the "Code").
  - (b) *This Code has been prepared by adopting the standards set out in Schedule A and Schedule B of the Regulations, as amended, in order to regulate, monitor and report trading by its employees and other Connected Persons to prevent misuse of Unpublished Price Sensitive Information and towards achieving compliance with the Regulations.*
  - (c) It has come into force with effect from the date of approval of the Board of Directors of Bharat Dynamics Limited ("BDL") i.e. 26 December 2017.
  - (d) *Subsequently, pursuant to the amendment of the SEBI (Prohibition of Insider Trading) Regulations, 2015 vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which is effective from April 1, 2019, the Board of Directors of Bharat Dynamics Limited reviewed this Code and have approved the same.*
2. **Definitions:**
- 2.1. "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
  - 2.2. "Board" means the Securities and Exchange Board of India;
  - 2.3. "Regulations" means the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto;
  - 2.4. "Compliance Officer" means Company Secretary of BDL unless any senior officer, designated so and reporting to the board of directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in the Regulations under the overall supervision of the board of directors of BDL;  
*Explanation – For the purpose of this clause, "financially literate" shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows."*
  - 2.5. "Connected Person" means,  
"Connected Person," includes –
    - (i). A director of BDL;
    - (ii). A Key Managerial Personnel of BDL;
    - (iii). An Officer of BDL;
    - (iv). Any person who is or has been in a contractual or fiduciary or employment relationship at any time in the six-month period prior to the date of determining whether that person, as a result of such relationship, was, directly or indirectly, allowed access to unpublished price sensitive information or reasonably expected to be allowed access to unpublished price sensitive information;

- (v). Any person who is or has been in frequent communication with an Officer of BDL at any time in the six-month period prior to the date of determining whether that person, as a result of such frequent communication, was, directly or indirectly, allowed access to unpublished price sensitive information or reasonably expected to be allowed access to unpublished price sensitive information;
- (vi). An employee of BDL who has access to unpublished price sensitive information or is reasonably expected to have access to unpublished price sensitive information;
- (vii). Any person who has a professional or business relationship and that relationship that, directly or indirectly, allows access to unpublished price sensitive information or is reasonably expected to allow access to unpublished price sensitive information;
- (viii). Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
  - (a) an immediate relative of connected persons specified in clause (i); or
  - (b) a holding company or associate company or subsidiary company;
  - (c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
  - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) 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
  - (h) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
  - (i) a banker of BDL; or
  - (j) a concern, firm, trust, hindu undivided family, company or association of persons wherein a director of BDL or his immediate relative or banker of BDL, has more than ten percent of the holding or interest;

2.6. **“Designated Persons”** shall include

- (i). All members of the board of directors, all executives of BDL of the level of executive directors, advisers, chief general managers and general managers;
- (ii). All key executives, not covered in (i) above, as identified by the chairman & managing director of the Company from time to time;
- (iii). All employees of the offices of chairman & managing director & all the functional directors of BDL;
- (iv). Finance heads at Divisional/Unit level, all officers (i.e. Executives) of corporate finance, corporate communications, corporate planning, business development and marketing, and all staff of Company Secretary department.

- (v). Any other employee of BDL to be notified by the Compliance Officer, from time to time, with the approval of the board of directors;
  - (vi). Dependent family members of (i) to (v) above;
  - (vii). Insiders having possession of unpublished price sensitive information.
- 2.7. **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis.
- 2.8. **“Immediate relative”** shall have the same meaning as defined in regulation of 2(1)(f) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (**refer Appendix-I**).
- 2.9. **“Insider”** shall have the same meaning as defined in regulation 2(1)(g) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (**refer-Appendix-I**).
- 2.10. **“Promoter”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.
- 2.11. **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.
- 2.12. **“Takeover Regulations”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- 2.13. **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in securities of BDL, and "trade" shall be construed accordingly.
- 2.14. **“Trading day”** means a day on which the recognized stock exchange is open for trading.
- 2.15. **“Unpublished Price Sensitive Information (UPSI)”** means any information, relating to BDL or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:
- (i). Financial results;
  - (ii). Dividends;
  - (iii). Change in capital structure;
  - (iv). Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
  - (v). Changes in key managerial personnel; and
  - (vi). Material events in accordance with the listing agreement.

## CHAPTER – II APPLICABILITY

3. This “Code of Internal Procedures and Conduct for prohibition of insider trading in dealing with the securities of Bharat Dynamics Limited” shall apply to all “Insiders” defined at 2.9, as above including Connected Person and Designated Persons.

## CHAPTER –III RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

### 4. **Communication or procurement of Unpublished Price Sensitive information**

- 4.1. No insider shall communicate, provide, or allow access to any Unpublished Price Sensitive Information, relating to BDL or securities of BDL or securities proposed to be listed by BDL, to any person including other insiders, except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 4.2. No person shall procure from or cause the communication by any insider of Unpublished Price Sensitive Information, relating to BDL or securities of BDL or securities proposed to be listed by BDL, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 4.3. Notwithstanding anything contained in this Code, Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in terms of the provisions of Regulation 3(3) and 3(4) of the Regulations.
- 4.4. Trading by insiders including [promoters], non-individual insiders when in possession of Unpublished Price Sensitive Information shall be governed by Regulation 4 of the Regulations. When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.
- 4.5. No person shall procure from or cause the communication by any insider of Unpublished Price Sensitive Information, relating to BDL or securities of BDL or securities proposed to be listed by BDL, except within a group of persons if such persons have been identified and secluded within a “Chinese Wall” or information barrier by the Compliance Officer from the rest of BDL for a particular purpose or for a specified period of time in furtherance of legitimate purposes, performance of duties or discharge of legal obligations, and are subjected to, among other conditions, additional confidentiality obligations, information barriers designed to prevent exchanges of Unpublished Price Sensitive Information outside the “Chinese Wall”, and the execution of an undertaking by such persons to abstain and/or forego Trading during such seclusion or till the Unpublished Price Sensitive Information no longer constitutes Unpublished Price Sensitive Information. Chinese Wall refers to the arrangements wherein insiders working within an Area (where routinely have access to confidential information) are prohibited from communicating any Confidential Information or Unpublished Price Sensitive Information to other employees working in Public Areas (i.e. areas like support services, P&A, production, marketing etc., where employees generally do not have access to confidential information).
- 4.6. All departments of BDL dealing in confidential information shall adopt and put in place suitable measures (which may include providing restricted access controls, passwords, firewalls, biometric access etc.) to ensure that the confidential information in their possession does not get disseminated either directly, indirectly, covertly or overtly. The same is to prevent the inadvertent spread and misuse of Unpublished Price Sensitive Information. Concerned head of the department shall be responsible to ensure that adequate security measures are implemented at all places which handle/deal in such confidential / Unpublished Price Sensitive Information either frequently or otherwise.

- 4.7. Insiders/Designated Persons within a Chinese wall have a responsibility to ensure the Chinese wall is not breached deliberately or inadvertently. Known or suspected breaches of the Chinese wall must be referred to the Chairman and Managing Director or Director (Finance) or Compliance Officer immediately. In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.
- 4.8. All Insiders/Designated Persons must maintain the confidentiality of all Unpublished Price Sensitive Information coming into their possession or control. To comply with this confidentiality obligation under Chinese Wall, the Insiders/Designated Persons shall not:
- a) pass on any Unpublished Price Sensitive Information to any person directly or indirectly by way of making a recommendation for the purchase or sale of the securities of BDL; or
  - b) disclose Unpublished Price Sensitive Information to their family members, friends, business associates or any other individual, or
  - c) discuss Unpublished Price Sensitive Information in public places, or
  - d) disclose Unpublished Price Sensitive Information to any Employee who does not need to know the information for discharging his or her duties, or
  - e) recommend to anyone that they may undertake trading in the securities of BDL, while being in possession, control or knowledge of Unpublished Price Sensitive Information, or be seen or perceived to be trading in the securities of the Company on the basis of Unpublished Price Sensitive Information.
- 4.9. Policy for determination of "Legitimate Purposes" in line with clause 2A of Regulation 3 of Regulations
- a) "Legitimate purpose" shall mean Sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors or consultants provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations.
  - b) No insider shall communicate, provide, or allow access to any Unpublished Price Sensitive Information, relating to securities of the Company or securities proposed to be listed by the Company, to any person including other insiders except where such communication is in furtherance of Legitimate Purposes, performance of duties or discharge of legal obligations. It is an obligation on all insiders who are essentially persons in possession of Unpublished Price Sensitive Information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. Sharing of information may be construed as insider trading even while it is in pursuit of compliances required or business interests of BDL in appropriate circumstances. The person who has the Unpublished Price Sensitive Information should ideally recuse himself from assigned task of the sharing the Unpublished Price Sensitive Information with third parties in such doubtful cases to avoid any adverse inferences in this regard.
  - c) No person shall procure from or cause the communication by any insider of Unpublished Price Sensitive Information, relating to securities of the Company or securities proposed to be listed by the Company, except in furtherance of Legitimate Purposes, performance of duties or discharge of legal obligations. Inducement and procurement of Unpublished Price Sensitive Information not in furtherance of one's legitimate duties and discharge of obligations would be considered as illegal under this code and Insider Trading regulations.
  - d) Any person in receipt of Unpublished Price Sensitive Information pursuant to Legitimate Purpose shall be considered an insider for the purpose of this Code and due notice shall be given to such persons to maintain confidentiality of Unpublished Price Sensitive Information in compliance with the Regulations. Such person is also required to ensure the confidentiality of unpublished price sensitive information shared with him, in compliance with the Regulations.

- e) Unpublished Price Sensitive Information, such as Financial Results, declaration of Dividends, proposal of Corporate Restructuring, diversification, expansion acquisition in the stake of other entities, change in Key Managerial Personnel, etc. shall be handled within the Company on a need-to-know basis, and the same should be disclosed only to those who need such information to discharge their duties or legal obligations by virtue of their respective role and function, whose possession of such information will not give rise to a conflict of interest or appearance of misuse of such information.
- f) The purpose for which Unpublished Price Sensitive Information is shared will be dependent upon functional responsibilities, roles and capacities in which insiders are associated with BDL. Further, the Compliance Officer may also determine sharing of Unpublished Price Sensitive Information for any other genuine or reasonable purpose.
- g) **Maintenance of Structured Digital database**
  - i) Any Insider who is sharing any Unpublished Price Sensitive Information in the ordinary course of business with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants shall give prior intimation of such sharing in the format given in **Appendix-I(A)** to the Compliance Officer along with names of such persons or entities as the case may be with whom information is shared, their Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available
  - ii) The Compliance Officer shall maintain a structured digital database of such persons or entities as provided by Insiders. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

## 5. Trading Plans

- 5.1. An insider shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.
- 5.2. Such trading plan shall: –
  - (i). not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
  - (ii). not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by BDL and the second trading day after the disclosure of such financial results;
  - (iii). entail trading for a period of not less than twelve months;
  - (iv). not entail overlap of any period for which another trading plan is already in existence;
  - (v). set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
  - (vi). not entail trading in securities for market abuse.
- 5.3. The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of this Code and 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.

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

- 5.4. The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan. Provided that the implementation of the trading plan shall not be commenced if any Unpublished Price Sensitive Information in possession of the Insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such Unpublished Price Sensitive Information becomes Generally Available Information so as to avoid a violation of this Code or Regulations.
- 5.5. Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities of BDL are listed.

#### **CHAPTER –IV DISCLOSURES OF TRADING BY INSIDERS**

##### **6. General provisions**

- 6.1. Every public disclosure under this chapter shall be made within two trading days. The disclosures to be made by any person under this chapter shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions. The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this chapter. Provided that trading in derivatives of securities is permitted by any law for the time being in force.
- 6.2. The disclosures made under this chapter shall be maintained by BDL for a minimum period of five years, in such form as may be specified.

##### **7. Disclosures by certain persons.**

###### 7.1. Initial Disclosures.

- (i). Every [promoter], key managerial personnel and director of BDL shall disclose his holding of securities in BDL within thirty days of this policy taking effect, unless the disclosure in this regard has already been made to the Company;
- (ii). Every person on appointment as a key managerial personnel or a director of BDL or upon becoming a Promoter shall disclose his holding of securities of BDL as on the date of appointment or becoming a Promoter, to the company within seven days of such appointment or becoming a Promoter.

###### 7.2. Continual Disclosures.

- (i). Every [promoter], *designated person* and director of BDL shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of 10 (ten) lakhs or other such values as may be specified by the Regulations;
- (ii). Compliance Officer of BDL shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation - It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause 7.2(i) above.

- (iii). Disclosures by other Connected Persons: BDL may, at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with the Regulations.

## CHAPTER-V

### 8. Principles of Fair Disclosure on Unpublished Price Sensitive Information

#### 8.1. BDL shall

- (i). Make 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.
- (ii). Ensure uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure.
- (iii). Compliance Officer / chief investor relations officer / any other officer designated in this regard shall deal with dissemination of information and disclosure of Unpublished Price Sensitive Information.
- (iv). Ensure prompt dissemination of Unpublished Price Sensitive Information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- (v). Endeavour appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- (vi). Ensure that the information shared with analysts and research personnel is not Unpublished Price Sensitive Information.
- (vii). Develop 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.
- (viii). Ensure that all Unpublished Price Sensitive Information are handled on a need – to-know basis.

#### 8.2. Chief investor relation officer/Compliance Officer shall ensure that the principles of fair disclosures of Unpublished Price Sensitive Information are adopted and adhered to before issuance of any press release or during interactions with media, analysts and other investor relations conferences etc.

#### 8.3. BDL will follow the guidelines given hereunder while dealing with analysts and Institutional investors: -

##### a) Only Public information to be provided:

BDL should provide only public information to the analyst/research person/large investors like financial institutions. Selective disclosure of unpublished price sensitive information is to be avoided. BDL shall ensure prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available to public.

##### b) Recording of discussion

In order to avoid misquoting or misrepresentation, at least two Company representatives should be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.

##### c) Handling of unanticipated questions

BDL officials should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

##### d) Simultaneous release of information

When BDL organizes meetings with analysts, it shall disclose the same to the Stock Exchanges and post relevant information, if any, on its website after every such meet.



## CHAPTER-VI

### 9. Trading window

- 9.1. Designated Persons of BDL shall not deal in any transaction involving the purchase or sale of securities of BDL either in their own name or in the name of their dependents during the periods mentioned below, when trading window shall remain closed:

Sr. No	Events/ Particulars	Restrictive Period	
		From	To
A.	Declaration of financial results of first quarter.	To be notified by the Compliance Officer depending upon the date of the Board meeting.	
B.	Declaration of Half-yearly financial Results.	To be notified by the Compliance Officer depending upon the date of the Board meeting.	
C.	Declaration of first Interim Dividend.	To be decided by Compliance Officer depending upon the record date.	
D.	Declaration of financial results of third quarter.	To be notified by the Compliance Officer depending upon the date of the Board meeting.	
E.	Declaration of second Interim Dividend.	To be decided by Compliance Officer depending upon the record date.	
F.	Declaration of Annual audited financial results and final dividend.	To be notified by the Compliance Officer depending upon the date of the Board meeting.	
G.	Any other major events. To be notified by Compliance Officer as and when the relevant proposal is put up to the board of directors / committee / competent authority with the approval of CMD.		

#### Explanation:

- (i). The trading window is generally closed for all Insiders from the end of every quarter till the second trading day (i.e. 48 Hours) after disclosure of such financial results.
- (ii). The trading window shall be opened 48 hours after the “Unpublished Price Sensitive Information”, for which the trading window is closed, becomes generally available.
- (iii). The trading window shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.
- (iv). The notice of closure and opening of trading window shall be intimated to the stock exchanges and uploaded on the intranet and website of BDL.
- 9.2. The remaining days of a year other than the days mentioned under 9.1 above shall be called “Valid Trading Window”. All Designated Persons of BDL shall conduct their dealings in the securities of the Company in valid trading window as mentioned above.
- 9.3. The restrictions mentioned in clause 9.1 above shall not be applicable in respect of exercise of an option under employees stock option scheme (ESOS) or ESOPs. However, shares allotted on exercise of ESOS/ ESOPs, shall not be sold during the period mentioned under clause 9.1, when trading window shall remain closed.
- 9.4. The gap between clearance of accounts by Audit Committee and Board Meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information

## 10. Pre-clearance of Trades

- 10.1. All Designated Persons, who intend to deal in the securities of BDL either in their own name or in the name of their dependents (above the minimum threshold limit mentioned under clause 10.4) shall obtain preclearance of the transaction as per the pre-dealing procedure as described hereunder. Application for pre-clearance shall be made only during valid trading period. Application submitted during closure of trading window shall be invalid.
- 10.2. Designated Persons shall make pre-clearance application to the Compliance Officer in the format given in **Appendix-II**. The application shall indicate the estimated number of securities that the Designated Persons intends to deal in, the details as to the depository with which he has a security account, the details as to securities in such depository mode and such other details, as may be required by the Compliance Officer from time to time in this behalf.
- 10.3. An undertaking shall be executed in favour of BDL by such Designated Persons. A combined proforma application cum undertaking is annexed to this code as **Appendix-II**.
- 10.4. The pre-clearance shall not be necessary if the number of shares to be traded is less than 1,000 shares in a single transaction or less than 3,000 shares in a week, provided such designated person is not in possession of unpublished price sensitive information.
- 10.5. Immediately on receipt of the pre-clearance application, the date and time of the receipt of the same shall be recorded thereon. The Compliance Officer shall process the pre-clearance applications and if the pre-clearance application is in accordance and in compliance with the provisions of this Code, the Compliance Officer shall endeavor to communicate the pre-clearance immediately but not later than 2 working days from the time of receiving the application. In the absence of the Compliance Officer, the officer authorized by the Compliance Officer shall give the pre-clearance.
- 10.6. All Designated Persons and their dependents shall execute their order in respect of securities of BDL within seven trading days after the approval of pre-clearance is given. If the order is not executed within seven trading days after the approval, the Designated Persons and their dependents shall obtain fresh preclearance.
- 10.7. All Designated Persons who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All Designated Persons shall also not take positions in derivative transactions in the shares 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.
- 10.8. 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 provided that such relaxation does not violate the Regulations.
- 10.9. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- 10.10. *The restriction on contra trades shall not be applicable for trades pursuant to exercise of stock options.*

## 11. Reporting Requirements for transactions in securities

- 11.1. All Designated Persons of BDL shall be required to forward following details of their transactions in securities of BDL including the transaction in the name(s) of dependent family members to the Compliance Officer:

### Initial disclosure at the time of Joining

- (a) All holdings in securities/Position taken in derivatives of BDL by Designated Persons (including that of his dependent family members) within 2 working days of joining BDL or on becoming Designated Persons, as the case may be (proforma disclosure form is given at **Appendix-III**);

### Continual disclosure for any Change in shareholding

- (b) Any change in the shareholding (including that of his dependent family members) exceeding 1,000 shares, including shares acquired after preclearance under clause 10 above, within 2 working days of such change shall be disclosed to the company. Further such changes are to be reported to Stock Exchanges where BDL shares are listed and the change exceeds Rs. 1,000,000 in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. (proforma disclosure form is given at **Appendix-IV**);

### Annual Disclosure

- (c) Annual statement of all holdings (including that of his dependent family members) in securities/ Position taken in derivatives of the BDL as on March 31 be furnished within 7 days of the close of the financial year (proforma disclosure form is given at **Appendix-V**)
- (d) All Designated Person shall also provide on an annual basis and as and when the information changes, the names and PAN or any other identifier authorized by law of the following persons to the Company in the format specified by Compliance Officer [proforma disclosure form is given at **Appendix-V(A)**], within 30 days from the end of the year/ change of information:

i) immediate relatives

ii) persons with whom such designated person(s) shares a material financial relationship

iii) phone/cell numbers which are used by them

Explanation: "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 or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions

In addition, all Designated Persons shall also disclose the names of educational institutions from which they have graduated and names of their past employers on a one-time basis.

- 11.2. The Compliance Officer shall within two working days of receipt of (1) initial disclosure under sub-clause (a) above and (2) periodical disclosure of change in shareholding under sub-clause (b) above, shall disclose to all stock exchanges on which securities of BDL are listed, the information received as above.
- 11.3. Confidentiality of information and procedures to be adopted. All department of BDL dealing in confidential information shall adopt and put in place suitable measures (which may include providing restricted access controls, passwords, firewalls, biometric access etc) to ensure that the confidential information in their possession does not get disseminated either directly, indirectly, covertly or overtly. Concerned head of the department shall be responsible to ensure that adequate security measures are implemented at all places which handle / deal in such confidential / Unpublished Price Sensitive Information either frequently or otherwise.

All information shall be handled within the organisation on a need-to-know basis and no Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations. Due regard to the role and function of the concerned employee shall be had before giving him access to Unpublished Price Sensitive Information, in addition to seniority and professional designation.

- 11.4. Reporting to audit committee and board of directors: The Compliance Officer shall provide a report to the board of directors through the audit committee with regard to implementation and operation of this Code periodically and at least once in every financial year. The Audit Committee shall ensure that the systems for internal control are adequate and are operating effectively.
- 11.5. BDL shall put in place adequate and effective system of internal controls as required under Regulation 9A(2) of the Regulations to ensure compliance with the requirements of this Code and Insider Trading Regulations to prevent insider trading.
- 11.6. In case of leak of Unpublished Price Sensitive Information or suspected leak of Unpublished Price Sensitive Information, the inquiry and relevant mechanisms will be followed as per BDL's Policy and Procedure for inquiry in case of leak of Unpublished Price Sensitive Information or suspected leak of Unpublished Price Sensitive Information. In case of such incidents, the SEBI shall be promptly informed about such leaks, inquiries and results of such inquiries.
- 11.7. **Policy and procedure for inquiry in case of leak of UPSI or suspected leak of UPSI**
- a) For the purpose of this policy 'Leak of UPSI' shall refer to such act/circumstance(s) by virtue of which an UPSI is made available or becomes available, by any means or mode to any person, association, body, firm, agency, society, entity or to a group thereof, whether registered or otherwise before its official publication or announcement or formal circulation in public domain and which shall also include any purported attempt thereof.
- b) Any instance of leak of Unpublished Price Sensitive Information should be on the basis of a direct and first-hand experience of the Whistle Blower. It should not be based on any secondary, unreliable source such as grapevine or any other form of informal communication
- c) Inquiry under this policy shall commence based on a written complaint received from any Insider, Designated Person, Registrar and Share Transfer Agent, Depository, Stock Exchange, Regional Director or any official thereof, Registrar of Companies or any official thereof, regulatory/statutory authority or any other department of Central or State Government
- d) The Whistle Blower may complaint or report the leak of UPSI by addressing the hard copies or by an email to the Chairman and Management Director of the Company, mentioning the subject as "LEAK OF UPSI".
- e) The Whistle Blower shall interalia state particulars of the compliance and details of the complaint or report. The Whistle Blower has the option of annexing such documentary evidence, as deemed reasonable for the purpose of substantiating the complaint/ report lodged.
- f) Within 5 (five) working days of receipt of the complaint or report, the Chairman and Management Director, in consultation with Compliance Officer, if required, shall write to the complaine intimating the details of the complaint/report received and requesting him to give a written representation within 7 (seven) working days of receipt of letter.
- g) The instance of leak of UPSI made by the Whistle Blower must be genuine with adequate supporting data/proof. If it is established that the allegation was made with mala-fide intentions or was frivolous in nature or was not genuine, the Whistle Blower shall be subject to Disciplinary Action

- h) Within 7 (seven) working days of receipt of representation, the Chairman and Management Director shall proceed to investigate in the matter and for such purpose shall constitute an Inquiry Committee with such persons, whether internal or otherwise, as he may deem expedient in this regard. During the course of such investigation, the Inquiry Committee may call for such additional documents, representations, etc. as they may deem fit.
- i) If no representation is received within the aforesaid stipulated time, the Committee shall issue notice to the complainee asking him to show cause as to why BDL should not initiate disciplinary proceedings, as applicable, against him.
- j) On completion of the above mentioned preliminary investigation, receipt of reply to the show-cause notice issued under clause (i) above or on non-receipt thereof, the Committee shall submit the report within 30 days to the Chairman and Managing Director, along with their opinion for his consideration.
- k) The Chairman and Managing Director shall accordingly report the same to the Audit Committee of the Board for appropriate action. The Audit Committee shall consider the matter and put forward its recommendation to the Board. The Board, on receipt of such recommendation and after due review, if forms an opinion that the complainee is guilty of leak of UPSI or suspected leak of UPSI, then it will order for necessary disciplinary proceedings of the company, and such incident and its results shall be promptly informed to the SEBI. The aforesaid disciplinary action which will be in addition to the penal provisions stated under SEBI (Prohibition of Insider Trading) Regulations, 2015 and any other statutory enactments, as applicable.
- l) BDL suo moto reserves the right of initiating an inquiry under this policy against any Insiders or Designated Persons, if it has reasons to believe that such person has leaked UPSI or suspected to leak UPSI.
- m) This policy shall not in any way preclude any referrals, complaints, measures, actions etc. which can be instituted or which are available under the existing Whistle Blower/ Vigil Mechanism Policy of BDL

## 12. Maintenance of Records & Registers:

The Compliance Officer shall maintain:

- 12.1. Register of the periods of “Closure of Trading Window”, wherein he shall record the date of closure and opening of the trading window and purpose for which trading window is closed. A proforma of the register of periods of closure of trading window is given at **Appendix-VI**.
- 12.2. Register of pre-clearance of trading of securities and record therein the name and designation of the Designated Persons submitting the application, date of the application, date & time of receipt of the application, nature of the transaction, number of securities, consideration value, name of the dependent family member if the transaction is in the name of the dependent family member and date & details of the actual transaction. A proforma of the register of pre-clearance of trading is given at **Appendix-VII**.
- 12.3. Register of waiver of restriction on holding investment in the securities of BDL and shall record thereon the name of the Designated Persons/details of securities for which waiver is granted, date of waiver and the ground of the waiver. A proforma of the register of waiver is given at **Appendix-VIII**.
- 12.4. Register of Designated Person as per proforma given at **Appendix-IX**.
- 12.5. Records of all the declarations in the appropriate form given by the Designated Persons and their dependents for a minimum period of three years.
- 12.6. Three separate registers for recording the Initial disclosure, continual disclosure and annual disclosure received under sub-clause 11.1 above. Proforma of the registers to be maintained are given in Appendix-X.

13. Penalty for contravention of Code: Any director/ officer designated employee who trades in securities of BDL or communicates any information for trading in securities of BDL in contravention of this Code may be penalized and appropriate action may be taken by the competent authority as defined under Conduct, Discipline and Appeal Rules (CDA) of BDL which may include wage freeze, suspension, recovery, claw back etc. Directors, Officers and employees of BDL who violate the Code shall also be subject to disciplinary action by the competent authority.
14. Power of Board: The action by BDL shall not preclude Board and other authorities from taking any action in case of violation of Regulations.
15. Information to Board in case of violation of Regulations: If BDL/Compliance Officer observes any violation of Regulations, the Compliance Officer may inform the Board of such violation after obtaining the approval of the Audit Committee.
16. The Compliance Officer in consultant with Chairman & Managing Director/Director (Finance) is authorised to make minor modifications/amendments to this Code which would remove ambiguities, enhance clarity on the provisions of the Code and also authorised to make such minor modifications/amendments in conformity with the amendments in provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 from time to time. Any major modifications to the Code resulting from the Regulations would require authorization by the Board.
17. **Clarifications:**

For all queries concerning this Code, employees of the Company may please contact the Compliance Officer. This Code and any amendments thereto shall be available on the website of BDL at [www.bdl-india.in](http://www.bdl-india.in).

## APPENDIX I

### **“IMMEDIATE RELATIVE”**

In term of Regulation of 2 (1) (f) of the SEBI (Prohibition of Insider Trading) Regulations, 2015,

"immediate relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

### **“INSIDER”**

In terms of Regulation 2 (1) (g) of SEBI (Prohibition of Insider Trading) Regulations, 2015 the term “Insider” means any person who is:

- (a) A Connected Person; or
- (b) In possession of or having access to Unpublished Price Sensitive Information;

**APPENDIX-I(A)**

**INTIMATION FOR SHARING OF UPSI**  
**(To be submitted before sharing UPSI with outside parties)**

To,  
The Compliance Officer,  
Bharat Dynamics Limited

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I hereby inform that I am in possession of Unpublished Price Sensitive Information (UPSI) which I am sharing with the following person or entity the details of which are given below:

1	Name of person or entity with whom UPSI is being shared	
2	Permanent Account Number (PAN) of person or entity with whom UPSI is being shared	
3	Purpose of sharing of UPSI	

Further, I submit that due notice shall be given to aforesaid person/entity to maintain Confidentiality or otherwise Non-Disclosure Agreement shall be signed with the Party in this regard

Signature:

Date:

Name:

Place:

Designation



**APPENDIX – II**  
**APPLICATION FOR PRE-CLEARANCE OF TRADING IN SECURITIES**

(In terms of clause 10.2 of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited)

To

The Compliance Officer  
Bharat Dynamics Limited  
Kanchanbagh  
Hyderabad (Dist.),  
Telangana- 500058, India

Dear Sir,

I, Shri /Smt. \_\_\_\_\_, a Designated Person of Bharat Dynamics Limited intend to carry out transaction(s) in the shares of Bharat Dynamics Limited as per the details given below:-

Name & Designation of the Designated Persons:

Department of Designated Persons:

Date of Joining/becoming Designated Person:

Sr. No.	No. of shares held (including by dependent members) as on the date of application	Folio No./ DP ID & Client ID	Nature of new transaction for which approval is sought	Estimated number of securities to be dealt	Estimated consideration value	Whether proposed Transaction is in the name of self or in the name of dependent family member	Name of the dependent/ relationship, if the transaction is in the name(s) of the dependent(s)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Note: The Designated officer shall also include particulars with regard to trading which he proposed to take up in derivatives in the aforesaid application.

**UNDERTAKING**

In this connection I solemnly confirm and declare:

- (a) THAT I do not have access and/or have not received any Unpublished Price Sensitive Information up to the time of signing the undertaking;

- (b) THAT in case I have access to or receive "Unpublished Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction, I shall inform the Compliance Officer of any change in my position and that I shall completely refrain from dealing in the securities of the BDL till the time such information becomes public;
- (c) THAT I have not contravened the Code of Conduct for Prohibition of Insider Trading as notified by the BDL from time to time.
- (d) THAT I hereby confirm that I abide by the provisions of Clause 10.7 of the Code with regard to time norms for holding/buying/selling securities I hereby solemnly declare that I have made a full and true disclosure in this regard to the best of my knowledge and belief. Pre-clearance may kindly be accorded in terms of Clause-10 of the Code of Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited.

Signature:

Date:

Name:

Place:

Designation:

**OFFICE USE**

Serial number of the application received:

Date & time of receipt of the Application:

Date & time of communication of the pre-clearance or otherwise:

Reasons for not giving pre-clearance:

**APPENDIX –III**

**PROFORMA FOR INITIAL DISCLOSURE OF DETAILS OF SHARES HELD BY DESIGNATED PERSONS**

(In terms of clause 11.1 (a) of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited.)

The Compliance Officer,  
Bharat Dynamics Limited  
Kanchanbagh  
Hyderabad (Dist.),  
Telangana- 500058, India

Dear Sir,

I, Shri /Smt. \_\_\_\_\_, a Designated Person of Bharat Dynamics Limited furnish below the details of shareholding in Bharat Dynamics Limited as on \_\_\_\_\_ in my name and/or in the name(s) of my dependent family members in terms of Regulation 2(1)(f) of SEBI (Prohibition of Insider Trading) Regulation, 2015 and clause 11.1(a) of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited.

Name & Designation of the Designated Person :  
Department of Designated Person :  
Date of Joining/ becoming Designated Person :

**Form B**

Details of shares held or positions taken in derivatives by Director or Officer of a listed company and his dependents

Name, PAN no. & address of director / officer	Date of assuming office of director/ officer	No. & % of shares/ voting rights held at the time of becoming director/ officer	Date of intimation to the Company	Mode of acquisition n (market purchase/ public/ rights/ preferential offer etc.)	Trading member through whom the trade was executed with SEBI registration no. of the trading member	Exchange on which the trade was executed	Buy quantity	Buy value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Note: The above table shall be applicable with suitable modifications to disclosure for position taken in derivatives also.

Date :

Place :

Signature:

**APPENDIX –IV**  
**PROFORMA FOR DISCLOSURE OF CHANGE IN SHARE HOLDING HELD BY**  
**DESIGNATED PERSON**

(In terms of clause 11.1 (b) of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited.)

To  
The Compliance Officer,  
Bharat Dynamics Limited  
Kanchanbagh  
Hyderabad (Dist.),  
Telangana- 500058, India

Dear Sir,

I, Shri /Smt. \_\_\_\_\_ Director/ Officer/ Designated Person of Bharat Dynamics Limited furnish below the details of transactions of my own/ dependent family members in the shares of Bharat Dynamics Limited exceeding [\*] shares during the period from \_\_\_\_\_ to \_\_\_\_\_ in terms of Regulation 2(1)(f) of SEBI (Prohibition of Insider Trading) Regulation, 2015 and clause 11.1(b) of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited.

i) Name & Designation of the Designated Person :

ii) Department of Designated Person :

iii) Date of Joining/ becoming Designated Person :

I hereby confirm that I abide by the provisions of Clause.10.7 of the Code with regard to time norms for holding /buying /selling securities.

**Form D**

Details of Change in Shareholding by Director or Officer of a Listed Company and his dependents

Name, PAN No. & address of director/officer	No. & % of shares/voting rights held by the director/officer	Date of receipt of allotment advice /acquisition/ sale of shares / voting rights	Date of intimation to Company	Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)	No. & % of shares/post acquisition/voting rights sale	Trading member through whom the trade was executed with SEBI registration No. of the trading member	Exchange on which the trade was executed	Buy Quantity	Buy value	Sell Quantity	Sell value

Note: The above table shall be applicable with suitable modifications to disclosure for position taken in derivatives also.

Date:

Signature:

Place:

**APPENDIX-V**  
**PROFORMA FOR ANNUAL DISCLOSURE OF SHAREHOLDING OF DESIGNATED PERSON**

(In terms of clause 11.1 (c) of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of Bharat Dynamics Limited)

To

The Compliance Officer,  
 Bharat Dynamics Limited  
 Kanchanbagh  
 Hyderabad (Dist.),  
 Telangana- 500058, India

Dear Sir,

Shri /Smt. \_\_\_\_\_ Designated person of Bharat Dynamics Limited furnish below the details of transaction(s) in the shares of Bharat Dynamics Limited during the financial year \_\_\_\_\_ as well as shareholding as on March 31.

Name & Designation of the Designated Person:

Department of Designated Person:

Date of joining/ becoming Designated Person:

I. Details of transaction/shareholding in own name

No. of shares held as on _____ (date of previous disclosure)	Date of transaction	Details of shares purchased during the year		Details of shares sold during the year		No. of shares held as on _____ (date of present disclosure)	Folio/ DP ID/ Client ID No.
		No	Consideration (Rs)	No.	Consideration (Rs)		

II. Details of transaction/shareholdings of dependent family members.

Name of the dependent family members	Relationship	No. of shares held as on 1.4.20_____	Details of shares purchased during the year		Details of shares sold during the year		No. of shares held as on 31.3.20_____	Folio/DP ID/Client ID No.
			No.	Value (Rs)	No.	Value (Rs)		

Note: The above table shall be applicable with suitable modifications to disclosure for position taken in derivatives also.

I hereby confirm that I abide by the provisions of Clause 10.7 of the Code with regard to time norms for holding /buying/selling securities.

Date:

Signature:

Place:

**APPENDIX-V(A)**  
**Proforma of Annual Disclosure by Designated Persons with respect to Dependents**

S.No	Particulars	Details
1	Name of the Designated Person PAN & Mobile Number, Phone number of Designated Person	Name  PAN  Mobile  Phone
3	Dependants of Designated Persons (in case of non-availability of PAN any other Identifier authorised by law such as Aadhar, Voter-ID etc., may be provided)	i. Name : PAN : Mobile : Phone :
		ii. Name : PAN : Mobile : Phone :
		iii. Name : PAN : Mobile : Phone :
		iv. Name : PAN : Mobile : Phone :
		v. Name : PAN : Mobile : Phone :



4	Details of Persons with whom the designated Person has [Material Financial Relationship]*	i. Name : PAN : Mobile : Phone :
		ii. Name : PAN : Mobile : Phone :
5	Names of Educational Institutions from which Designated Persons have graduated	
6	Names of their past employers	

\*Note:

1. The term “material financial relationship” shall mean a relationship in which one person is recipient of any kind of payment such as by way of loan or gift during the immediately preceding 12 months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions. For this purposes the loans taken from the Banks/Financial Institution in the normal course may be excluded.
2. Dependents means spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities

Date:

Place:

Signature

**APPENDIX-VI**  
**REGISTER OF PERIODS OF CLOSURE OF TRADING WINDOW**

Sr. No.	Purpose	Date of notifying closure of trading window	Start date of closure of trading window	Date of notifying opening of trading window	Date of opening of trading window	Remarks

**APPENDIX-VII**  
**REGISTER OF PRE-CLEARANCE FOR TRADING IN SECURITIES**

Sr. No.	Name	Designation	Department	Date & time of receipt of preclearance application	Nature of transaction (purchase or sale)	Estimated number of securities indicated in the application
1	2	3	4	5	6	7

Estimated consideration value indicated in the application	Name of the dependent if the transaction is in the name of the dependent/ relationship	Date of communication of the clearance by the compliance officer	Reasons for non clearance, if not cleared	Date of placing before the committee	Number of securities actually traded, if intimated	Remarks
8	9	10	11	12	13	14

Note: The above table shall be applicable with suitable modifications to clearances given for trading in derivatives also.

**APPENDIX-VIII**  
**REGISTER OF WAIVER OF RESTRICTION FOR DISPOSAL OF SECURITIES**  
**[Clause 12.3]**

Sr. No.	Name	Designation	Department	Name of the dependent, if the shares held in the name of dependent	Number of shares	Consideration value	Reasons for waiver	Date of waiver	Remarks
1	2	3	4	5	6	7	8	9	10

Note: The above table shall be applicable with suitable modifications to disclosure for position taken in derivatives also

**APPENDIX-IX  
(Clause 12.4)**

**REGISTER OF DESIGNATED PERSONS**

Sr. No	Name	Designation	Department	Employee code	Date of joining BDL	Date of becoming Designated Person	Date of cessation as Designated Person	Remarks

**APPENDIX-X  
(Clause 12.6)**

**REGISTER OF DISCLOSURE OF SHAREHOLDING BY DESIGNATED PERSONS**

Name & Designation of the Designated Person:

Department of designated employee:

Date of joining/ becoming Designated Person:

Sr. No	Initial disclosure					
	Date of receipt of information	Number of securities (BDL)	Date of acquisition	Consideration value (Rs.)	Name of the dependent/ relationship if securities held in the name of dependent	
1	2	3	4	5	6	
Change in holding						
	Date of receipt of information	Number of securities	Date of transaction	Nature of transaction (purchase/ sale)	Consideration value (Rs)	Name of the dependent/ relationship if securities held in the name of dependent
	7	8	9	10	11	12

Year-end disclosure

Date of receipt of information	Number of securities	Aggregate value (Rs)	Name of the dependent/ relationship if securities held in the name of dependent	Remarks
13	14	15	16	17