



**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT
TRADING BY DESIGNATED PERSONS AND THEIR IMMEDIATE
RELATIVES**

1. INTRODUCTION

Trading in securities of a company by Designated Persons and their Immediate Relatives based on Unpublished Price Sensitive Information erodes the investors' confidence in the integrity of the management and is unhealthy for the capital markets. To put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework relating thereto, the Securities and Exchange Board of India ("SEBI") has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended ("Insider Trading Regulations"). In compliance with Regulation 9 of the Insider Trading Regulations, the board of directors of Dreamfolks Services Limited has adopted this Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives ("Insider Trading Code" or "Code"). This document embodies the Insider Trading Code to be followed by the Company effective from the commencement of listing and trading of the equity shares of the Company on the stock exchange(s), i.e. BSE Limited or the National Stock Exchange of India Limited, in accordance with applicable laws provided however that the relevant provision of the Code which are applicable to the companies 'proposed to be listed' shall become applicable with immediate effect.

2. DEFINITIONS

"Act" means the Securities and Exchange Board of India Act, 1992 as amended from time to time.

"Board" shall mean the board of directors of the Company.

"Company" shall mean Dreamfolks Services Limited.

"Code" or **"Code of Conduct"** means this "Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives" as amended from time to time.

"Compliance Officer" means any senior officer, designated so and reporting to the Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Insider Trading Regulations, and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules of preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified under the Insider Trading Regulations under the overall supervision of the Board.

Explanation – For the purpose of this regulation, "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 cashflows.

"Connected Person" means:

a) any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including the following, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access:

- by reason of frequent communication with its officers; or
- by being in any contractual, fiduciary or employment relationship;
- by being a director, officer or an employee of the company; or
- holds any position including a professional or business relationship between himself and the Company whether temporary or permanent.

b) Deemed to be a Connected Person: The persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:

- An Immediate Relative of Connected Persons specified in clause (a);
- A holding company or associate company or subsidiary company;

- An intermediary as specified in Section 12 of the Act or an employee or director thereof;
- An investment company, trustee company, asset management company or an employee or director thereof;
- An official of a stock exchange or of clearing house or corporation;
- 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;
- 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, as amended (“**Companies Act, 2013**”);
- An official and/or employee of a self-regulatory organization recognized or authorized by the Board;
- A banker of the Company; or
- A concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

“**Contra Trade**” means a trade or transaction which involves buying or selling any number of securities of the Company and within 6 months, trading or transacting in an opposite transaction involving sell or buy following the prior transaction.

“**Designated Persons**” means:

- a) Directors;
- b) Chief Executive Officer and employees up to two levels below the Chief Executive Officer of the Company and its material subsidiary;
- c) Key Managerial Personnel;
- d) Such employees of the Company and its material subsidiary who have access to unpublished price sensitive information such as all employees in the Finance & Accounts, Legal, Secretarial & Compliance, Investor Relations, Communications and Media Communications departments;
- e) Any support staff of the Company such as IT staff or secretarial staff who have access to unpublished price sensitive information; and
- f) Any other person who on the basis of their role and function in the Company, is reasonably expected to have access to unpublished price sensitive information(s) relating to the Company, as may be decided by the Chairman/Managing Director/Compliance Officer of the Company, from time to time.

“**Generally Available Information**” means information that is accessible to the public on a non-discriminatory basis.

“**Insider Trading Regulations**” means Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.

“**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.

Note: It is hereby clarified that “spouse” of a person will be considered immediate relative irrespective of whether he/she is financially dependent or consults such person in taking decisions relating to trading in securities.

“**Insider**” means any person who is:

- a) Connected Person; or
- b) in possession of or having access to Unpublished Price Sensitive Information.

“**Key Managerial Person**” means person as defined in Section 2(51) of the Companies Act, 2013.

“**Legitimate Purpose**” shall include 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, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of Insider Trading Regulations.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Securities**” shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956, as amended (“**SCRA**”) except units of a mutual fund.

“**Takeover Regulations**” means the Securities and Exchange Board India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, or any modification thereof.

“**Trading**” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.

“**Stock Exchange**” means a recognised Stock Exchange as defined under clause (f) of Section 2 of the SCRA.

“**Unpublished Price Sensitive Information**” or “**UPSI**” means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

- a) Periodical financial results of the Company;
- b) Intended declaration of dividends (both interim and final);
- c) Change in capital structure;
- d) Issue of securities, buy - back of securities or any forfeiture of shares or change in market lot of the Company’s shares;
- e) Acquisition, Merger, De-merger, Amalgamation, Restructuring, Scheme of arrangement or takeovers;
- f) Disposal, spin off or selling division of whole or substantially whole of the undertaking;
- g) Any major expansion plans or execution of new projects or any significant changes in policies, plans or operations of the Company;
- h) Changes in Key Managerial Personnel; and
- i) Other matters as may be prescribed by SEBI/considered by the Compliance Officer to be price sensitive from time to time. All terms used but not defined herein shall have the meaning ascribed to such term under the Insider Trading Regulations. In case of any discrepancy between the Insider Trading Regulations and the terms defined herein, the meaning as ascribed under the Insider Trading Regulations, shall prevail.

3. COMPLIANCE OFFICER

- a) The Compliance Officer is responsible for compliance of policies, procedures, monitoring adherence to the rules for the preservation of UPSI, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of the Company.
- b) The Compliance Officer shall maintain records of, Designated Persons and any changes made to the list of Designated Persons, all the declarations submitted in the appropriate form given by the Designated Persons
- c) The Compliance Officer shall ensure proper assistance to all the employees / directors in addressing any clarifications regarding the Insider Trading Regulations and this Code.
- d) The Compliance Officer shall in consultation with the chairman and/or managing director and the Board specify prohibited period (i.e. closure of the Trading Window) from time to time and make announcement/s thereof ensuring that prohibited period is intimated to all concerned before the commencement of the said period.
- e) The Compliance Officer shall implement punitive measures or disciplinary action prescribed for any

violation or contravention of this Code.

f) The Compliance Officer shall report to the Board and in particular, shall provide reports to the chairman of the audit committee, if any, or to the chairman of the Board at the beginning of each financial year.

4. PRESERVATION OF “UNPUBLISHED PRICE SENSITIVE INFORMATION”

a) All UPSI is to be handled on a “Need to Know” basis, i.e. UPSI should be disclosed only to 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 likelihood of misuse of the information. To prevent the misuse of confidential information the Company adopts a ‘Chinese Wall’ policy thereby separating those areas of the Company which routinely have access to confidential information, considered as ‘inside areas’ from those areas which deal with sale / marketing / investment advice or other departments providing support services, considered as ‘public areas’. The employees in the inside areas shall not communicate any UPSI to any one in public area. Demarcation of various departments as ‘inside area’ may be implemented by the Compliance Officer, in consultation with the Chief Financial Officer of the Company. In exceptional circumstances i.e. in furtherance of legitimate purposes, performance of duties or discharge of legal obligations, any Designated Person may be permitted to ‘cross the wall’ and give UPSI to any person on a ‘need to know’ basis, under intimation to the Compliance Officer.

b) No insider shall communicate, provide, or allow access to any UPSI, relating to the Company or securities, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

c) No person shall procure from or cause the communication by any insider of UPSI, relating to the Company or securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

d) However, UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction which:

i. entails an obligation to make an open offer under the takeover regulations where the Board of the Company is of informed opinion that the proposed transaction is in the best interests of the Company; or

ii. does not attract the obligation to make an open offer under the takeover regulations but where the Board of the Company is of the informed opinion that the proposed transaction is in the best interests of the Company and the information that constitutes UPSI is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board may determine to be adequate and fair to cover all relevant and material facts.

e) For the above purposes, the Board shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of this clause and shall not otherwise trade in securities of the Company when in possession of UPSI.

f) Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

5. PREVENTION OF MISUSE OF “UNPUBLISHED PRICE SENSITIVE INFORMATION”

All Designated Persons and their Immediate Relatives shall be subject to trading restrictions enumerated herein. As a general overriding rule, no Insider shall trade in securities of the Company when in

possession of UPSI. When a person who is in possession of UPSI, has traded in securities, his trades would be presumed to be motivated by the knowledge and awareness of such information in his possession.

a) Trading Plan:

An Insider shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and may be carried public disclosure pursuant to which trades out on his behalf in accordance with such plan. This gives an option to persons who may be perpetually in possession of Unpublished Price Sensitive Information and enabling them to trade in securities in a compliant manner.

b) 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 20th trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the 2nd trading day after the disclosure of such financial results;
- iii. entail trading for a period of not less than 12 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.

c) The Compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of the Insider Trading Regulations. The Compliance Officer 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.

d) 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. However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any UPSI and the said information has not become generally available at the time of the commencement of implementation. The Compliance Officer shall confirm that the commencement of the Plan shall be deferred until such UPSI becomes generally available information. Further, the Insider shall also not be allowed to trade in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

e) Upon approval of the Trading Plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

f) The provisions regarding pre-clearance of trades, trading window norms and restrictions on Contra Trade shall not be applicable for a trade executed as per an approved Trading Plan.

6. TRADING WINDOW AND PRE- CLEARANCE OF TRADES

a) Trading Window

i. Other than the period(s) for which the 'Trading Window' is closed as prescribed hereunder, the same shall remain open for trading in the Securities of the Company by the Designated Persons and their Immediate Relatives. Trading Window will be closed from the end of every quarter till 48 hours after the declaration of financial results. The gap between clearance of accounts by the audit committee and the Board meeting should be as narrow as possible and preferably on the same date to avoid leakage of material information.

ii. In addition to the above, Trading window may be closed by the Company during such times in addition to the above period as it may deem fit from time to time including when the Compliance Officer

determines that a Designated Persons or a class of Designated Persons can be reasonably expected to possess UPSI till 48 hours after the UPSI is made public.

iii. No Designated Person and their Immediate Relatives shall trade in the securities of the Company when the Trading Window is closed.

iv. It shall be the responsibility of the Designated Persons to advise their Immediate Relatives of Trading Window period closures.

v. The trading window restrictions shall not apply in respect of transactions (a) specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 of the Insider Trading Regulations and in respect of a pledge of shares for a *bona fide* purpose such as raising of funds, subject to pre-clearance by the Compliance Officer and compliance with the respective regulations made by SEBI; (b) which are undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by SEBI from time to time.

b) Pre- clearance of Trades

i. All Designated Persons of the Company, who intend to trade in the securities of the Company irrespective of the value of the trade will have to make an application to the Compliance Officer in the prescribed form (Form F) given in this Code for pre-clearance of the transaction.

ii. The application for approval for pre-clearance shall be made in Form F by the concerned Designated Person to the Compliance Officer. Prior to approving any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. The Compliance Officer shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

iii. The restrictions contained in this clause shall also apply to Immediate Relatives in respect of which the concerned Designated Person shall be responsible for the compliance under this policy.

6. OTHER RESTRICTIONS

Following additional restrictions shall apply wherein pre-clearance for the trade has been sought by Designated Persons:

a) All the pre-approved trades shall in respect of the securities of the Company shall be executed within seven Trading Days after the approval of pre-clearance is given, failing which, fresh pre-clearance for trades to be executed shall be obtained.

b) The concerned persons shall disclose to the Company in the prescribed Form (Form E) the number of securities acquired or disposed of for which pre-clearances is obtained within two trading days of such transaction.

c) The concerned persons shall disclose to the Company in the prescribed Form (Form E) the number of securities not traded including reasons for such decision for which pre-clearances is obtained within two trading days of completion of three Trading days after the approval of pre-clearance is given.

d) The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

e) 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.

f) Any Designated person who is permitted to trade shall not execute a Contra Trade within six months. In case any Contra Trade is executed, inadvertently or otherwise, in violation of the restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act. This shall not be applicable for trades done in pursuance of a valid and approved trading plan and trades done pursuant to exercise of employee stock options.

g) In case trading in securities is necessitated by personal emergency, the holding period of six months as specified above may be waived by the Compliance Officer after recording in writing his/her reasons in this regard. An application for waiver of holding period shall be made to the Compliance Officer through concerned Departmental Head in the prescribed Form (Form G).

7. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

a) Initial Disclosures

i. Every person on appointment as a Key Managerial Personnel or a Director of the Company shall disclose his holding of securities of the Company as on the date of appointment, to the Company within seven days of such appointment in the prescribed Form (Form B).

b) Continual Disclosures

i. Every Designated Person of the Company shall disclose to the Company in the prescribed Form (Form C) 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 lakhs.

ii. The disclosure shall be made within two trading days of: (i) the receipt of intimation of allotment of shares, or (ii) the acquisition or sale of shares or voting rights, as the case may be.

iii. Every Designated Person of the Company shall within 30 days of the beginning of every financial year, disclose to the Company in the Prescribed Form (Form H) prescribed details and the holding of such securities as at the end of the financial year and the details each purchase / sale of the securities during the financial year so ended. Any change in information provided earlier (other than holding of securities) shall be informed within 30 days of such in Form H.

iv. The Company may, at its discretion, require any other Connected Person(s) to make disclosure of holdings and trading in securities of the Company in the prescribed form (Form D) and at such frequency as may be determined by the Compliance Officer.

c) Disclosures by the Company to the Stock Exchange(s)

i. Within two trading days of the receipt of intimation under Clause 8(b)(i) the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received.

ii. The Compliance officer shall maintain records of all the declarations in the appropriate form given by Designated Persons for a minimum period of five years.

8. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT

a) Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents). Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

b) The Compliance Officer shall report all the breaches of this Code to the Board. In the event of a breach of the Insider Trading Regulations, the Company shall promptly inform the stock exchanges

where securities of the Company are traded, in such form and manner as may be specified by SEBI from time to time.

c) Designated Persons who violate the Code may also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, claw back, ineligibility for future participation in employee stock option plans, etc. Any amount collected under this shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

9. DISCLOSURES

This Code and any amendment thereof will be published on the Company's official website and formulation and publication of the same shall be confirmed to the Stock Exchange(s) where the securities of the Company are listed.

10. POLICY REVIEW AND AMENDMENTS

The Board reserves the power to review and amend this Code from time to time. All provisions of this Code would be subject to revision / amendment in accordance with applicable laws as may be issued by relevant statutory, governmental and regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.