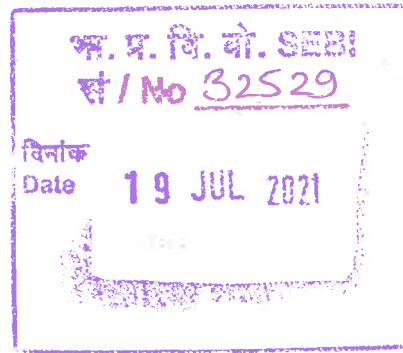


**16th July, 2021**

The Chief General Manager
Integrated Surveillance Department
The Securities Exchange Board of India
SEBI Bhavan, Plot No. C4-A, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051



Subject: Request Letter for an Interpretative Letter under the Securities Exchange Board of India (Informal Guidance) Scheme, 2003 (SEBI Informal Guidance Scheme)

Ref: Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations)

Dear Sir/ Madam,

This is to request an interpretative letter under paragraph 5(ii) of the SEBI (Informal Guidance) 2003 (the Scheme) to interpret PIT Regulations as mentioned in the captioned mater on the basis of submissions below.

(1) Background

- 1.1 KDDL Limited (CIN : L33302HP1981PLC008123), a company incorporated under the Companies Act, 1956 and having its registered office at Plot No. 3, Sector III, Parwanoo - 173220 (H.P.) and corporate office at 'Kamla Centre', S.C.O. 88-89, Sector 8-C, Madhya Marg, Chandigarh 160009, (hereinafter referred to as '**The Company**'). The Company is in the business of manufacturing of watch components (watch dials and watch hands), precision engineering components and press tools. The paid up Equity Share Capital of the Company (No. of Shares) are 1,27,37,064.
- 1.2 The Company had come out with a Rights Issue of 10,86,956 Equity Shares of Rs. 10 each at an issue price of Rs. 230 each and Issue closed on 7th May, 2021. The allotment of shares in the issue was completed on 17th May 2021.
- 1.3 Dream Digital Technology Private Limited, member of the Promoter Group of the Company (hereinafter referred to as '**Buyer**') holds 17,615 (0.14%) fully paid up equity shares as on date in the Company. This includes 2000 Shares allotted pursuant to Rights Issue on 17th May, 2021.
- 1.4 Mr. Pranav Shankar Saboo, member of the Promoter Group of the Company (hereinafter referred to as '**Seller**') holds 8,10,851 (6.37%) fully paid up equity shares as on date in the Company. This includes 1,30,000 shares allotted pursuant to Rights Issue on 17th May, 2021.
- 1.5 The Buyer made the following transactions in the shares of the Company during last three years:

Date	Buy qty	Sale qty	Remarks
23-10-18	1000	0	Market
24-10-18	2	0	Market



23-11-18	15094		Conversion of warrants into shares.
28-06-19	0	999	Market
24-06-19	0	1	Market
19-08-19	0	1000	Market
20-08-19	0	2150	Market
15-02-21	0	3640	Market
17-05-21	2000		Right Shares

1.6 Both Buyer and Seller are named in the Shareholding Pattern filed by the Company for more than three years.

2. PROPOSED TRANSACTION

Buyer proposes to buy equity shares of the Company from Seller through an Inter se transfer of shares as per Regulation 10(1)(a)(ii) of the SAST Regulations, 2011.

3. LEGAL FRAMEWORK - PROVISIONS UNDER THE PIT REGULATIONS:

3.1 Provisions of Regulation 4(1) of the PIT Regulations are reproduced herein below:

4. (1) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

.....

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

(i) the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision.

.....

(ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

3.2 Minimum Standards for Code of Conduct for Listed Companies to Regulate, Monitor and Report Trading by Designated Persons in schedule B of PIT Regulations lays down the following :

10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. 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.

3.3 As per comprehensive FAQs on the PIT Regulations, 2015:

39. Whether the restriction on execution of contra trade in securities is applicable in case of buy back offers, open offers, rights issues FPOs etc by listed companies?

Answer : Buy back offers, open offers, rights issues, FPOs, bonus, exit offers etc. of a listed company are available to designated persons also, and restriction of 'contra-trade' shall not apply in respect of such matters.

40. In case shares are acquired pursuant to any corporate action by the company such as rights issue/FPO, whether the contra trade restrictions would apply if such shares are sold before completion of 6 months from the date of acquisition?

Answer: If the first trade is an acquisition by way of rights issue/FPO, then subsequent sale of shares before 6 months from the date of acquisition would be considered as a contra trade.

3.4 As per regulation 10 (1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 :

The following acquisitions shall be exempt from the obligation to make an open offer under regulation 3 and regulation 4 subject to fulfillment of the conditions stipulated therefor,

— (a) acquisition pursuant to inter se transfer of shares amongst qualifying persons, being,

(i) immediate relatives;

(ii) persons named as promoters in the shareholding pattern filed by the Company in terms of the listing regulations or as the case may be, the listing agreement or these regulations for not less than three years prior to the proposed acquisition;

4. INTERPRETATION / CLARIFICATION SOUGHT

4.1 Whether the proposed inter-se transfer of shares between Insiders (Buyer and Seller) within a period of six months post the allotment of shares under Rights Issue of the Company will violate provisions regarding contra trade of the PIT Regulations and attract any penal provisions?

4.2 Whether the Buyer who had sold shares of the Company on 15th February, 2021 through market transaction, can buy shares from Seller through inter-se transfer within 6 months from the above sale of shares ?

4.3 What will be the mode of such proposed transaction? Should it be off market or on market transaction?

4.4 Whether closure of trading window restrictions would be applicable to the said proposed transaction?

4.5 How should the price be calculated for such proposed transaction?



5. OUR REQUEST FOR GUIDANCE

We request you to kindly issue an interpretive letter with your guidance on the aforesaid queries in accordance with the SEBI Informal Guidance Scheme 2003. In the event you require any further clarifications or information, we request you to kindly inform us accordingly.

6. FEES

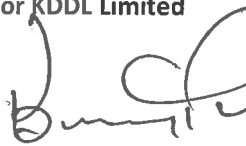

We enclose herewith Demand Draft of Rs. 25,000/- dated 16th July 2021 bearing number 615783 drawn on Bank of India, favouring "Securities and Exchange Board of India", payable at Mumbai towards fees for the informal guidance.

Thanking you

Yours faithfully

For KDDL Limited

Company secretary



16-7-21