

Code of Conduct for Prohibition of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 2015

1. Objective

Code of Conduct for Prohibition of Insider Trading applies to all employees of the Company to ensure that information is handled within the organisation on a need-to-know basis and no unpublished price sensitive information is communicated to any person except on a need to know basis and for performance of duties of the insider and / or discharge of his legal obligations.

2. Designated Employees

2.1 Following category of employees have been designated as "Designated Employees" for the purpose of this Code of Conduct:

- a) All employees in Grades V3, H and L.
- b) All employees working in the Finance Department irrespective of their grade.
- c) All employees working in the Marketing Department irrespective of their grade.

3. Compliance Officer

Mr. Ninad Umranikar shall act as the **Compliance Officer** 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

4. Important Definitions

- a) "connected person" means –
 - (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or 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, that allows



such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

- (ii) 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; or
 - (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 recognised or authorized by the Board; or
 - (i) a banker of the company; or
 - (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest;

NOTE: It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished



price sensitive information by virtue of any connection that would put them in possession of unpublished price sensitive information.

- b) **"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 intended that the immediate relatives of a "connected person" too become connected persons for purposes of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI regulations"). Indeed, this is a rebuttable presumption.*

- c) **"insider"** means any person who is:

- i) a connected person; or
- ii) in possession of unpublished price sensitive information;

NOTE: *Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.*

- (d) **"trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;

NOTE: *Under the parliamentary mandate, since the Section 12A (e) and Section 15G of the Act employs the term 'dealing in securities', it is intended to widely define the term "trading" to include dealing. Such a construction is intended to curb the activities based on unpublished price sensitive information which are strictly not buying, selling or subscribing, such as pledging etc when in possession of unpublished price sensitive information.*



d) **“unpublished price sensitive information”** means any information, relating to a 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: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, 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.

NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

5. Communication or procurement of unpublished price sensitive information.

5.1 No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the Company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

NOTE: This provision is intended to cast 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. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession.

5.2 No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the Company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

NOTE: This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of



one's legitimate duties and discharge of obligations would be illegal under this provision.

5.3 An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company;

NOTE: *It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.*

- (ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information 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 of directors may determine.

NOTE: *It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations if it is in the best interests of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.*

5.4 For purposes of sub-clause (3) above, the board of directors 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 sub-regulation (3), and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.



6. Trading when in possession of unpublished price sensitive information.

6.1 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 promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 of SEBI Regulations and both parties had made a conscious and informed trade decision;
- (ii) in the case of non-individual insiders: –
 - (a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
 - (b) appropriate and adequate arrangements were in place to ensure that SEBI Regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- (iii) the trades were pursuant to a trading plan set up in accordance with regulation 5 of SEBI Regulations.

NOTE: 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. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.



- 6.2 In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.
- 6.3 The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of SEBI Regulations.

7. Trading Plans

- 7.1 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
- 7.2 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 the issuer of the securities 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; and
 - (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
 - (vi) not entail trading in securities for market abuse.
- 7.3 The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of SEBI 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.
- 7.4 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 sub-regulation (1) of regulation 4 of SEBI Regulations.

- 7.5 Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

8. Disclosures

- 8.1 Every public disclosure shall be made in in the prescribed form.
- 8.2 The disclosures to be made by any person under this clause shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- 8.3 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.

- 8.4 The disclosures made under this clause shall be maintained by the Company, for a minimum period of five years, in such form as may be specified.

Disclosures by certain persons.

9.1 Initial Disclosures.

- (a) Every promoter, key managerial person, director and designated employee of the Company shall disclose his holdings of securities of the Company as on the date of SEBI Regulations taking effect, to the Company within thirty days of SEBI Regulations taking effect.
- (b) Every person on appointment as a key managerial person or a director of the Company or a designated employee or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the Company, within seven days of such appointment or becoming a promoter.



9.2 Continual Disclosures

- (a) Every promoter, employee and director of the Company 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 Rs. 1,000,000 ("Prescribed Threshold").
- (b) The Company 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 under this sub-clause, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) above.

Disclosures by other connected persons

- 9.3 The Company 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 SEBI Regulations.

10. Trading Restrictions and Trading Window

10.1 Trading Restrictions

All Designated employees and their immediate relatives shall be subject to trading restrictions as enumerated in this clause.

10.2 Trading window

- 10.2.1 The Company shall specify a trading period, to be called "Trading Window", for trading in the Company's securities. The trading window shall be closed during the time the information referred to in clause 10.2.3 is un-published.
- 10.2.2 When the trading window is closed, the Designated Persons and their immediate relatives shall not trade in the Company's securities during such period.
- 10.2.3 The trading window shall be, inter alia, closed at the time of:-
 - a) Declaration of Financial results (quarterly, half-yearly and annual)
 - b) Declaration of dividends (interim and final)



- c) Issue of securities by way of public/ rights/bonus etc.
- d) Any major expansion plans or execution of new projects
- e) Amalgamation, mergers, takeovers and buy-back
- f) Disposal of whole or substantially whole of the undertaking
- g) Any changes in policies, plans or operations of the Company which is price sensitive.

10.2.4 The trading window shall be closed 7 calendar days prior to and forty-eight hours after the information becomes generally available.

10.2.5 All Designated Persons shall conduct all their trading in the securities of the Company only during a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when trading window is closed, as referred to in clause 10.2.3 or during any other period as may be specified by the Company from time to time.

10.3 Pre clearance of trades

10.3.1 All Designated Employees and their immediate relatives who intend to trade in the securities of the Company (above a minimum threshold limit of **Rs. 100,000** whether in one transaction or a series of transactions over any calendar month) should pre-clear the transactions as per the pre-clearance procedure as described hereunder.

10.3.2 An application shall be made in the prescribed form to the Compliance officer indicating the estimated number of securities that Designated Persons and / or their immediate relatives intend to trade in, the details as to the depository with which the Designated Persons and their immediate relatives has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the Company in this behalf.

10.3.3 An undertaking shall be executed in favour of the Company by the concerned Designated Persons and / or their immediate relatives incorporating, inter alia, the following clauses, as may be applicable:

- a) That the Designated Person and / or his immediate relatives does not have any access or has not received Unpublished Price Sensitive Information up to the time of signing the undertaking.
- b) That in case the Designated Person and / or his immediate relatives has access to or receives Unpublished Price Sensitive Information after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position



and that he/she would completely refrain from trading in the securities of the Company till the time such information becomes public.

- c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- d) That he/she has made a full and true disclosure in the matter.

10.3.4 No Designated Person or his immediate relatives shall apply for pre-clearance of any proposed trade if such Designated Persons and / or his immediate relatives is in possession of Unpublished Price Sensitive Information even if the trading window is not closed.

10.3.5 The concerned Designated Person shall intimate to the Compliance Officer in the prescribed form of the details of trades executed by him and / or his immediate relatives in the securities of the Company (above a minimum threshold limit of **Rs. 100,000** whether in one transaction or a series of transactions over any calendar month) within two trading days of such execution.

10.3.6 The concerned Designated Person shall intimate to the Compliance Officer in the prescribed form, of his or his immediate relative(s)' decision of not trading in the securities of the Company after securing pre-clearance. Such intimation shall be given within two trading days after the expiry of seven trading days after the approval of pre-clearance is given.

11. Other restrictions

11.1 All Designated Persons and their immediate relatives shall execute their order in respect of securities of the company 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 is given, the concerned Designated Person and / or his immediate relatives must again apply for pre-clearance of the transaction.

11.2 All Designated Persons and their immediate relatives who buy or sell any number of shares of the Company shall not execute a contra trade during the next six months following the prior transaction. 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 Education and Protection Fund administered by SEBI under the SEBI Act.

11.3 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 his/her reasons in this regard.



12. Chinese Wall

- 12.1 To prevent the misuse of confidential information the Company shall adopt a "Chinese Wall" policy which separates those areas of the Company which routinely have access to confidential information, considered "inside areas" from those areas which deal with sales/marketing or other departments providing support services, considered "public areas".
- 12.2 The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.
- 12.3 The employees in inside area may be physically segregated from employees in public area.
- 12.4 Demarcation of the various departments as inside area may be implemented by the Company.
- 12.5 In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information strictly on the basis of "need to know" criteria, under intimation to the Compliance Officer.

