

# **HCL INFOSYSTEMS LIMITED**

## **CODE OF CONDUCT FOR INTERNAL PROCEDURES AND TO REGULATE, MONITOR AND REPORT**

### **TRADING BY INSIDERS**

**Amended in line with Securities and Exchange Board of  
India (Prohibition of Insider Trading) (Amendment)  
Regulations, 2018 effective from April 01, 2019.**

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## **INTRODUCTION**

Insider trading means trading in securities of a Company by insiders to the company having access to unpublished price sensitive information. Such trading is a civil as well as criminal wrong in violation of the fiduciary or contractual obligations of the insider. It is against the principles of efficient market of the securities of the company and erodes confidence of the investors in the company.

The Securities and Exchange Board of India (SEBI), in its endeavor to regulate, develop the securities market and protect the interest of investors had formulated the SEBI (Prohibition of Insider Trading) Regulations, 1992 to provide a fair securities market by prohibiting insider trading. SEBI in its endeavor to keep pace with the dynamic securities market and in line with its experience in dealing with insider trading issues had constituted a High Level Committee under the Chairmanship of Justice N K Sodhi in 2013 to review the Regulations. Based on the recommendations of the Committee, SEBI has enacted SEBI (Prohibition of Insider Trading) Regulations, 2015 which replaces the SEBI (Prohibition of Insider Trading) Regulations, 1992. The 2015 Regulations revises the framework for prohibition on insider trading in securities. The 2015 Regulations shall come into force on May 15, 2015. The Regulations prescribes all listed companies to formulate and publish internal code of conduct to comply with the mandates under the Regulations which are at variance from the code of conduct prescribed under the 1992 Regulations. Further, SEBI had made regulations to amend 2015 regulations, the regulations be called as "Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendments) Regulations, 2018", effective w.e.f. 1<sup>st</sup> April, 2019.

HCL Infosystems Limited (the "**Company**") on an ongoing basis endeavors to apply best practices in relation to corporate governance requirements. As a part of its efforts, the Company undertakes to regulate, preserve and manage unpublished price sensitive information and its abuse.

As per SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has formulated Code of Conduct for Prevention of Insider Trading. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws, regulations and Code of Conducts. Every director, officer, employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of their employment.

In furtherance to mandates under SEBI (Prohibition of Insider Trading) Regulations, 2015 and applicable provisions of the Companies Act, 2013 the Company hereby notifies this code of conduct ("**Code of Conduct**"). It is framed to achieve the above mentioned objectives and is to be followed by all Directors, Designated Employees and connected persons. This Code of Conduct shall replace the existing Codes i.e. Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices for Prevention of Insider Trading which were adopted by the company under SEBI (Prohibition of Insider Trading) Regulations, 1992.

In furtherance to mandates under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and applicable provisions of the Companies Act, 2013 the Company hereby

notifies this code of conduct ("**Code of Conduct**"). It is framed to achieve the above mentioned objectives and is to be followed by all Directors, Designated Employees and connected persons. This Code of Conduct shall replace the existing Codes i.e. Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices for Prevention of Insider Trading which were adopted by the company under SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015.

This Code of Conduct applies to following and they shall be collectively referred to as Designated Persons:

1. All the Directors of the Company, its Subsidiary Company and Immediate Relatives of the Directors;
2. The Designated Employees of the Company and Immediate Relatives of Designated Employees;
3. The Connected persons

## **1. Definitions**

1.1 "**Act**" means the Securities and Exchange Board of India Act, 1992.

- 1.2 **"Board"** means the Board of Directors of the Company.
- 1.3 **"Company"** means HCL Infosystems Limited;
- 1.4 **"Compliance Officer"** means any senior officer, who is financially literate<sup>1</sup> and is capable of appreciating requirements for legal and regulatory compliance under the Regulations (*defined hereunder*) designated so and reporting to the Board of Directors 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 the Company.
- 1.5 **"Connected Persons"** 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

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1 "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."

- (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.

1.6 **"Designated Employee(s)"** shall include

- i Key managerial personnel;
- ii Every person in the grade of P7 and above;
- iii functional heads;
- iv Every employee in finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer;
- v Any other employee as may be determined and informed by the Compliance officer from time to time.

1.7 **Designated Persons:**

- i All the Directors of the Company and Subsidiary Company and Immediate Relatives of the Directors;
- ii The Designated Employees of the Company and Immediate Relatives of Designated Employees; and
- iii Employees and other Connected persons

1.8 **"Generally available Information"** means information that is accessible to the public on a non-discriminatory basis

1.9 **"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.

1.10 **"Insider"** means any person who is,

- i. a "Connected Person", or
- ii. in possession of or having access to such unpublished price sensitive information.

- 1.11 **"Key Managerial Personnel"** means
- i the Chief Executive Officer or the managing director or the manager;
  - ii the company secretary;
  - iii the whole-time director;
  - iv the Chief Financial Officer; and
  - v such other officer as may be prescribed by the Compliance Officer.
- 1.12 **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018 or any modification thereof.
- 1.12.1 **"Proposed to be listed"** shall include securities of an unlisted company:
- (i) if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or
  - (ii) if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013; "
- 1.13 **"Regulations"** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and as amended by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 effective from April 01, 2019.
- 1.14 **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 or any modification thereof except units of a mutual fund.
- 1.15 **"Takeover Regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) regulations, 2011 and any amendments thereto;
- 1.16 **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, and sell. Deal in securities, and "trade" shall be construed accordingly;
- 1.17 **"Trading Day"** means a day on which the recognized stock exchanges are open for trading.
- 1.18 **"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, delisting, disposals and expansion of business and such other transactions;
- v changes in key managerial personnel; and

1.19 "**specified**" means specified by the Board in writing;

Words and expressions used and not defined in this Code of Conduct but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

## **2. Role of Compliance Officer**

- 2.1 The Company has appointed Mr. Sushil Kumar Jain, the Company Secretary of the Company as the Compliance Officer for the purposes of compliance under this Code of Conduct.
- 2.2 The Compliance Officer shall report to the Board of the Company and in particular, shall provide quarterly reports to Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors in relation to the mandates of the Regulations and Code of Conduct.
- 2.3 The Compliance Officer shall assist all employees in addressing any clarifications regarding the Regulations and the Code of Conduct.
- 2.4 The Compliance Officer shall monitor, review and approve all Trading Plans.
- 2.5 The Compliance Officer shall, based on his/her discretion and occurrence of specific events detailed in this Code of Conduct, regulate and monitor the Trading Window of the securities of the Company.
- 2.6 The Compliance Officer may inquire any employee in relation to Trading of securities and handling of unpublished price sensitive information of the Company.
- 2.7 The Compliance Officer may require any other persons (law firms, consultants, investment bankers, vendors, customers, bankers etc.) to disclose shareholding and trading in securities of the Company.
- 2.8 The Compliance Officer shall assist the Company in formulation of Chinese walls and Crossing the Wall policy in order to regulate the abuse of unpublished price sensitive information.
- 2.9 The Compliance Officer shall confidentially maintain a list of such securities as a restricted list which shall be used as their basis for approving or rejecting application for pre- clearance of trades.
- 2.10 The Compliance Officer will propose necessary changes to this Code of the Company, as and when the same are necessitated. The proposal will be considered by the Board of Directors of the Company and, if approved, will take effect immediately following the Board Meeting in which such proposals are approved.
- 2.11 The Compliance Officer will maintain a record (either manual or in electronic form) of the Designated Persons and their immediate relatives and changes thereto from time to time, in consultation with Managing Director of the Company.

### **3. Code of Fair Disclosure and Conduct**

- 3.1 The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.
- 3.2 Every such code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities are listed.
- 3.3. The board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of a intermediary) to these regulations, without diluting the provisions of these regulations in any manner.

For the avoidance of doubt it is clarified that intermediaries, which are listed, would be required to formulate a code of conduct to regulate, monitor and report trading by their designated persons, by adopting the minimum standards set out in Schedule B with respect to trading in their own securities and in Schedule C with respect to trading in other securities.

- 3.4 The board of directors or head(s) of the organisation, of every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by their designated persons and immediate relative of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule C to these regulations, without diluting the provisions of these regulations in any manner.

Professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies shall be collectively referred to as fiduciaries for the purpose of these regulations.”

- 3.5 Every listed company, intermediary and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.

3.6 The board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-

(i) Employees of such listed company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body;

(ii) Employees of material subsidiaries of such listed companies designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;

(iii) All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;

(iv) Chief Executive Officer and employees upto two levels below Chief Executive Officer of such listed company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;

(v) Any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.

#### **4. Institutional Mechanism for Prevention of Insider trading**

(1) The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and

effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.

- (2) The internal controls shall include the following:
  - a) All employees who have access to unpublished price sensitive information are identified as designated employee;
  - b) All the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
  - c) Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
  - d) Lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
  - e) All other relevant requirements specified under these regulations shall be complied with;
  - f) Periodic process review to evaluate effectiveness of such internal controls.
- (3) The board of directors of every listed company and the board of directors or head(s) of the organisation of intermediaries and fiduciaries shall ensure that the Chief Executive Officer or the Managing Director or such other analogous person ensures compliance with regulation 9 and sub-regulations (1) and (2) of this regulation.
- (4) The Audit Committee of a listed company or other analogous body for intermediary or fiduciary shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- (5) Every listed company shall formulate written policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, which shall be approved by board of directors of the company and accordingly initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.
- (6) The listed company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.
- (7) If an inquiry has been initiated by a listed company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive

information, the relevant intermediaries and fiduciaries shall co-operate with the listed company in connection with such inquiry conducted by listed company.

## **5. Preservation of Unpublished Price Sensitive Information**

- 5.1 All information shall be handled within the organization on a need-to-know basis and no unpublished price sensitive information shall be communicated or accessible to any

person except in furtherance of the insider's legitimate purposes<sup>2</sup>, performance of duties or discharge of his legal obligations.

The board of directors of a listed company shall make a policy for determination of "legitimate purposes" as a part of "Codes of Fair Disclosure and Conduct".

- 5.1.1 Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations
- 5.2 Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:
  - i an obligation to make an open offer under the takeover regulations where the Board of the Listed Company is of informed opinion that sharing of such information is in the best interests of the Company; or
  - ii not attracting the obligation to make an open offer under the takeover regulations but where the Board of the Listed Company is of informed opinion that sharing of such information 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 may determine to be adequate and fair to cover all relevant and material facts.
- 5.3 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.
  - 5.3.1 The board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. 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.

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<sup>2</sup> "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, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations."

- 5.4 All unpublished price sensitive information shall be communicated or provided to any person on a need to know basis. Need to Know basis means that unpublished price

sensitive information 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 appearance of misuse of information.

Any unpublished price sensitive information directly received by any employee, not entitled or required to have access of such information in its ordinary course of business or performance of duties or discharge of his legal obligations should immediately be reported to the head of the department or the Compliance Officer.

- 5.5 The Compliance Officer may require any person having contractual or fiduciary relation with the Company to formulate policies to safely handle unpublished price sensitive information relating to the securities of the Company.
- 5.6 The Company while dealing with any market intermediary, client, agent or any other person, who is required to handle unpublished price sensitive information shall ensure that such person has formulated a code of conduct as per the requirements of the Regulations.
- 5.7 **Limited access to confidential information.** Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word, etc. Files containing confidential information should be deleted / destroyed after its use.

## **6. Chinese Walls and Cross the Wall; Restricted List**

- 6.1 The Compliance Officer shall monitor and regulate the Company's Chinese walls and Cross the wall procedures.
- 6.2 In general, Chinese Walls separate areas that have access to confidential inside information from those who do not have such access. The Company shall formulate Chinese Walls to operate as barriers to the passing of inside information and confidential information and a means of managing Conflicts of Interest.
- 6.3 The Chinese Walls designed to manage confidential information and prevent the inadvertent spread and misuse of inside information, or the appearance thereof. Board shall understand where Chinese Walls have been set up or where they are needed according to this Policy, corporate governance requirements or Regulations.
- 6.4 The employees working within an insider area are prohibited from communicating any confidential or inside information to employees in public areas without the prior approval of Compliance Officer.
- 6.5 Employees within a Chinese Walls 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 Compliance Officer immediately.
- 6.6 The Company shall ensure that appropriate policies, procedures and physical arrangements are implemented for the relevant businesses and that such polices are complied with by all affected employees.
- 6.7 The establishment of Chinese Walls is not intended to suggest that within insider areas material, confidential information can circulate freely. Within insider areas, the need-to-know shall be in effect.

#### **Crossing the Wall**

- 6.8 If an employee/outsider receives inside information from the inside area of the Company, it is treated that the said employee or outsider has crossed the wall. Pursuant to crossing the wall, the employee becomes an insider. Such employee/outsider must be subject to all restrictions and prohibitions as required under this Code of Conduct, Regulations and policies relating to Chinese Walls. An employee is no longer a temporary insider when the inside information is published or no longer significant to the market.
- 6.9 The Compliance Officer must formulate policies on actions to be taken when employees receive information from inside area behind the Chinese wall, information that cannot be discussed between the employees of different verticals.
- 6.10 If any person crosses the wall, the same should be immediately reported to the Compliance Officer. The Compliance Officer shall make sure that all restrictions are imposed on such employee relating to the protection to unpublished price sensitive information.

- 6.11 The Compliance Officer when satisfied that the insider information is generally available may lift such restrictions imposed on such employee.

**Restricted List**

- 6.12 The Company shall restrict trading in certain securities and designate such list as restricted list in order to monitor Chinese wall procedures and trading in client securities based on inside information.
- 6.13 The Compliance Officer shall maintain, review and update such restricted list in consultation with the business heads, sales and operations personnel or any other person who is likely to have access to unpublished price sensitive information relating to other companies in the course of their employment. All such personnel/employees shall immediately report to the Compliance Officer in case they receive, access or procure, directly or indirectly, any unpublished price sensitive information.
- 6.14 The Compliance Officer while maintaining the restricted list may keep the following situations in mind. Whether the Company is handling any assignment for the listed company, preparing appraisal report, handling any information which might have an impact on credit rating, developing products or report or any other assignment which is likely to affect the securities price.
- 6.15 The restricted list is highly confidential information it shall not be communicated, directly or indirectly, to anyone outside the Company.
- 6.16 When any securities are on the Restricted List, trading in these securities by Designated Persons may be blocked or may be disallowed at the time of pre-clearance.

## **7. Prohibition on Dealing, Communicating or Counseling on Matters Relating to Insider Trading.**

- 7.1 No insider shall trade in securities of the Company that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.

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;

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;

Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.

- (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;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.”

- (v) 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 these 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;

(vi) the trades were pursuant to a trading plan set up in accordance with regulation 5

7.2 Prevention of misuse of unpublished price sensitive information.

7.3 Designated Persons including Employees on the basis of their functional role in the Company shall be governed by this Code of Conduct governing trading in securities.

## 8. Trading Plans

- 8.1 Subject to Clause 5 and restriction under Regulations, 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.(Annexure 1)
- 8.2 The Compliance Office shall assure that the following features are complied with for review and approval of a Trading Plan. Trading under Trading Plan shall:
- i. not commence earlier than six months from the public disclosure of the plan;
  - ii. prohibited 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 and the second trading day after the disclosure of such financial results;
  - iii. not entail trading for a period of less than twelve months;
  - iv. not entail overlap of any period for which another trading plan is already in existence;
  - v. set out either by the value of trades or 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.
- 8.3 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.
- “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.”
- 8.4 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. (Annexure 2)
- 8.5 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 unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Designated Persons 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.
- 8.6 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

## 9. Trading Window

- 9.1 Designated Persons may execute trades subject to compliance with the Regulations. A trading window may be adopted for trading of such Designated Persons. The trading window shall be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.
- 9.2 Unless otherwise specified by the Compliance Officer, the Trading Window for Trading in Securities of the Company shall be closed for the following purposes:-
- i. Declaration of financial results (quarterly and annual), standalone and consolidated, of the Company;
  - ii. Intended declaration of dividends (both interim and final);
  - iii. Issue of securities by way of public, bonus, rights etc or buy-back of securities;
  - iv. Any major expansion plans or execution of new projects;
  - v. Change in Key Managerial Personnel;
  - vi. Amalgamation, Mergers, Takeovers, or Restructuring ;
  - vii. Disposal of the whole or substantial part of the undertaking;
  - viii. Material events in accordance with the listing agreement;
- 9.3 The Compliance Officer shall close the trading window seven (7) days prior to and during the time the unpublished price sensitive information is to be published.
- 9.4 The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight (48) hours after the information becomes generally available.
- 9.5 The trading window shall also be applicable to any person having any contractual or fiduciary relationship with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company and which are likely to have access to any unpublished price sensitive information.
- 9.6 The Compliance Officer shall intimate the aforesaid persons having contractual or fiduciary relation with the Company mentioned in Clause 9.5 handling such unpublished price sensitive information, of the requirements relating to handling of such information and restriction on trading in securities during the closure of the trading window.
- 9.7 When the trading window is open, trading by Designated Persons shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trades is *more than 1000 equity shares* or above such thresholds as the Board may stipulate.

## 10. Pre-clearance of Trades

Subject to Clause 9.7, all Designated Persons who intend to trade in securities of the Company should pre-clear the transaction as per the pre-dealing procedure as described hereunder.

### Pre-dealing Procedure:

- 10.1 All Designated Persons, who intend to trade in the securities of the Company when the trading window is open, should pre-clear the transaction.
- 10.2 No Designated Persons shall be entitled to apply for pre-clearance of any proposed trade if such person is in possession of unpublished price sensitive information even if the trading window is not closed and hence he shall not be allowed to trade. The pre-dealing procedure shall be hereunder -
  - a. An application may be made in the prescribed Form (Annexure 3) to the Compliance officer indicating the estimated number of securities that the Designated Employees/Persons intend to deal in, the details as to the depository with which he 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.
  - b. An undertaking (Annexure 4) shall be executed in favor of the Company by such Designated Employee/Persons incorporating, inter alia, the following clauses, as may be applicable:
    - i That the employee/director/officer does not have any access or has not received "unpublished price sensitive information" up to the time of signing the undertaking.
    - ii That in case the specified employee 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 dealing in the securities of the Company till the time such information becomes public.
    - iii That he/she has not contravened the Code of Conduct for prevention of insider trading as notified by the Company from time to time.
    - iv That he/she has made a full and true disclosure in the matter.
  - c. The Compliance Officer shall on receiving an application provide the Designated Employee/Persons with an acknowledgement on the duplicate of the application or in any electronic form
  - d. The Compliance Officer shall grant approval within 2 days from the date of acknowledgement.
  - e. The Compliance Officer shall retain copies of all applications and acknowledgements either in physical or electronic mode.

- f. In exceptional circumstances consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price sensitive information. There shall be no obligation to give reasons for any withholding of consent.
  - g. All Designated Employees/Persons and their Immediate Relatives shall execute their order in respect of securities of the Company within seven (7) days after the approval of pre-clearance is given. They shall file within two (2) days of the execution of the deal, the details of such trade with the Compliance Officer in the prescribed form (Annexure 5). If the order is not executed within one week after the approval is given, the Designated Employees and their Immediate Relatives must pre-clear the transaction again.
  - h. All Designated Employees/Persons and their immediate relatives shall hold their investments in securities for a minimum period of 6 months irrespective of mode of acquisition in order to be considered as being held for investment purposes.
- 10.3 The Designated Person shall not execute a contradictory trade, for a period of six months, to a trade executed after pre clearance under this Clause. Any relaxation of such contra trade shall be recorded in writing by the Compliance Officer in his approval of such trade.

## **11. Disclosures requirements**

- 11.1 The disclosures to be made by any person under this Code of Conduct shall include those relating to trading by such person's Immediate Relatives, and by any other person for whom such person takes trading decisions.
- 11.2 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 Code of Conduct. Provided that trading in derivatives of securities is permitted by any law or the time being in force.
- 11.3 The disclosures made under this Code of Conduct shall be maintained for a period of five (5) years by the Company.

### **Initial Disclosures:**

- 11.4 Every Promoter, (member of the promoter group), Key Managerial Personnel and Director of the Company, within thirty (30) days of the Regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company. (Annexure 6)
- 11.5 Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter or member of the promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a Promoter, to the company within seven (7) days of such appointment or becoming a Promoter.

### **Continual Disclosures:**

- 11.6 Every Promoter or member of the promoter group, Key Managerial Personnel, designated person and Director of every 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 ten (10) lakh rupees. (Annexure 7)
- 11.7 The disclosure required under Clause 11.6 shall be made within two (2) working 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.
- 11.8 In addition to the continual disclosure in Annexure - 7, every Promoter, Key Managerial Personnel, employee and Directors shall disclose to the Company any change in shareholding of the Company, if the value of traded securities in a transaction or a series of transactions in aggregate over any calendar quarter exceeds ten (10) lakh rupees or such other value as may be specified by the Compliance Officer in consultation with the Board. (Annexure 8)

### **Disclosures by other connected persons**

11.9 The Company, at its discretion requires 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 this Code of Conduct and the Regulations. (Annexure 9)

### **Disclosure by the Company to Stock Exchanges**

11.10 Within two (2) working days of the receipt of the information or disclosure under the Regulations and this Code of Conduct, the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received.

11.11 The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Designated Employees for a minimum period of five (5) years.

## **12. Protection to employees filing Voluntary Disclosure Form\***

"An employee who files a voluntary information disclosure form in terms of Chapter IIIA of the PIT Regulations ("Voluntary Information Disclosure Form"), irrespective of whether the information is considered or rejected by SEBI and irrespective of whether the employee is eligible for a reward in terms of Chapter IIIA of the PIT Regulations, shall not be discriminated, discharged, terminated, demoted, suspended, threatened, or harassed, for any of the following reasons:

- (i) filing a Voluntary Information Disclosure Form under PIT Regulations;
- (ii) testifying, participating, or otherwise assisting or aiding SEBI in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of insider trading laws or in any manner aiding the enforcement action taken by SEBI; or
- (iii) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement which are solely for preventing such employee from cooperating with SEBI in any manner.

Explanation- For the purpose of this clause, "Employee" means an individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under the PIT Regulations and is a director, regular or contractual employee, but does not include an advocate."

### **13. Dissemination of Unpublished Price Sensitive Information**

- 13.1 The disclosure of unpublished price sensitive information shall be on a uniform basis and non-discriminatory.
- 13.2 Mr. Sumeet Ahluwalia is designated as Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information in a uniform manner.
- 13.3 No information shall be passed by Designated Persons by way of making a recommendation for the purchase or sale of securities of the Company.
- 13.4 The following guidelines shall be followed while dealing with research analysts and institutional investors:
  - a. Only public information to be provided.
  - b. At least two Company representatives be present at meetings with analysts, media persons and institutional investors.
  - c. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.
  - d. Simultaneous release of information after every such meet.

### **14. Penalty for contravention of Code of Conduct**

- 14.1 Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code of Conduct may be penalized and appropriate action may be taken by the Company.
- 14.2 The Designated Person of the Company who violate this Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage, salary freeze, suspension, termination etc.
- 14.3 The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and amendment thereto.

### **15. Procedure in case of leak of unpublished price sensitive information**

In case of any information of any leak of unpublished price sensitive information (UPSI), an enquiry shall be held jointly by the Compliance Officer and CIRO and the actions shall be taken against the defaulter which can inter alia includes salary freeze, suspension, termination etc.

The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and amendment thereto.

The case and the actions taken shall be informed to the Board.

**16. Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015.**

Any violation of the Code of Conduct and the Regulations shall be immediately intimated to the Compliance Officer or the Board of the Company.

In case it is observed by the Board of Directors that there has been a violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 in relation to securities of the Company, the same shall be immediately intimated to SEBI.

*\*Inserted pursuant to the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019. Subsequent clauses in the Code of Conduct have been renumbered.*

## SCHEDULE A

### CODE OF FAIR DISCLOSURE

The code of fair disclosure is a part of this code of conduct and the principles under code of conduct and code of fair disclosure are to be read harmoniously.

**A code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles is set out below:**

- I. 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. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
- III. Mr. Sumeet Ahluwalia is designated as Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- IV. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- V. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities. A brief code of practice to be followed by the Company is as under:
  1. The Directors and Employees shall promptly direct any queries or requests for verification of market rumors received from the stock exchanges or press or media or any other source to CIRO.
  2. The CIRO shall respond to such request for information on the same day without any delay, if required.
  3. It is a general policy that the Company shall not respond to any rumors or speculations.
  4. The CIRO in consultation with the Board shall appropriately comment to the rumors that are likely to affect the price of the securities.
  5. All request for information, rumors, speculations and their responses, if any, shall be documented by the CIRO.
- VI. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
- VII. Developing 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.
  1. All Employees and Directors shall provide only public information to analyst and research analysts, media, financial institutions etc.

2. In case any unpublished information is to be disclosed to aforesaid entities, the employee proposing to disclose such information shall do so only after consultation and approval from the CIRO and the Managing Director.
  3. All meetings with the analysts, media personnel, and financial institutions should be documented, recorded or minuted.
- VIII. Handling of all unpublished price sensitive information on a need-to-know basis. Some of the best practices to be followed in this regard are set out hereunder:
1. Price sensitive information must be handled on a need to know basis.
  2. Such information 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 any conflict of interest.
  3. Any unpublished price sensitive information selectively disclosed to any person must be pursuant to consultation and approval from the Board of the Company. The recipient of such information should be appropriately informed of this Code of Conduct and Code of Fair Disclosure.
  4. CIRO and Board shall make sure while dealing with third parties that confidentiality agreements or non-disclosure agreements shall be entered into wherever necessary to keep the information confidential.

#### IX Process of Public disclosure

1. The Company shall always comply with all applicable laws and Regulations regarding the timely disclosure of unpublished price sensitive information. In order to ascertain whether the information is price sensitive or not the Company shall take guidance from SEBI Regulations, Accounting Standards, Companies Act 2013 including, SEBI (Prohibition of Insider Trading) Regulations, 2015, Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011.
2. Once unpublished price sensitive information is ascertained and determined, the Compliance Officer in consultation with the Board or the Chairman of the Company shall take all actions for full and fair disclosure of such information on a uniform basis.
3. The principle method for publicly disclosing unpublished price sensitive information will be news release. The Company shall use a news service that provides simultaneous distribution to widespread news services, financial media and relevant stock exchanges and regulatory bodies.
4. For disclosure of unpublished price sensitive information, a draft news release shall be formulated by the department or employee handling such unpublished price sensitive information in consultation with CIRO. The CIRO in consultation with the Board shall make sure that the news release is in compliance with all the applicable laws.
5. The CIRO shall validate all the facts in relation to the news release in order to ascertain that the news release clearly and effectively communicates the intended substance and meaning of the information to the public.

6. Post review and approval, the CIRO and the Board or the Chairman of the Company shall determine a time and date of such disclosure to stock exchanges and regulatory bodies.

### **Policy for determination of "Legitimate Purposes"**

**In line with clause 2A of Regulation 3 of SEBI PIT Regulations and any modification(s)/ amendment(s) thereto, Policy for determination of legitimate purposes is as under:**

(a) "Legitimate Purpose" shall mean sharing of unpublished price sensitive information in the course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, and other advisors or consultants provided that such sharing has not been carried out to evade or circumvent the prohibitions of the SEBI PIT Regulations.

(b) Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered an "insider" for purposes of the SEBI PIT Regulations and due notice shall be given to such person to maintain confidentiality of such unpublished price sensitive information in compliance with the said regulations. Such person is also required to ensure the confidentiality of unpublished price sensitive information shared with him/her, in compliance with the SEBI PIT Regulations.

(c) Unpublished Price Sensitive Information, such as Financial Results, declaration of dividends, proposal of corporate restructuring, diversification, expansion acquisition in the sake of other entities 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 or function, whose possession of such information will not give rise to a conflict of interest or appearance of misuse of such information.

(d) A structured Digital database shall be maintained containing the names of such persons or entities, as the case may be, with whom information is shared for legitimate purposes along with Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Adequate and effective system of internal controls will also be laid out to secure such database. Documents containing confidential information shall be kept secured. Computer files must have adequate security login and password, etc.

### **Brief of the practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles above is set out below:**

1. The disclosure shall be in a uniform manner and shall not be on a selective basis.
2. *Mr. Sumeet Ahluwalia* is designated as Chief Investor Relations Officer (the "**CIRO**") to deal with dissemination and disclosure of unpublished price sensitive information in a uniform manner.
3. The CIRO shall obtain prior approval of Managing Director or the Board depending on the sensitivity of information before releasing to the media and the analyst.

4. If any information is accidentally disclosed or selectively disclosed, the person responsible for such disclosure shall promptly intimate the same to CIRO. The CIRO shall make best efforts to make the information generally available.
5. The Company shall disseminate all unpublished price sensitive information to stock exchanges where its securities are listed and thereafter to news agencies so as to make information generally available.
6. The disclosure shall be simultaneously made on the Company's website.
7. ~~The Company shall~~ The Company shall consider all other modes of disclosure which assures prompt and
8. The Company shall always comply with applicable laws in SEBI regulations relation to Takeovers, Insider Trading, and Listing Agreement with the stock Exchanges while disclosure of unpublished price sensitive information.
9. The CIRO will propose necessary changes to this Code of Fair as and when the same are necessitated. The proposal will be considered by the Board of Directors of the Company and, if approved, will take effect immediately following the Board Meeting in which such proposals are approved.

## **SCHEDULE B**

[See sub-regulation (1) of regulation 9]

### **Minimum Standards for code of Conduct for Listed Companies to Regulate, Monitor and Report Trading by Designated Persons**

1. The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors but not less than once in a year.

2. 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 legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to "cross the wall".

3. Designated Persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.

4. Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed. Trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

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.

5. The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

6. When the trading window is open, trading by designated persons shall be subject to preclearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate.

7. 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. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

8. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

9. 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.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

10. The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

11. Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, clawback etc., that may be imposed, by the listed company required to formulate a code of conduct under sub-regulation (1) of regulation 9, for the contravention of the code of conduct.

12. The code of conduct shall specify that in case it is observed by the listed company required to formulate a code of conduct under sub-regulation (1) of regulation 9, that there has been a violation of these regulations, it shall inform the Board promptly.

13. Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Explanation – The term “material financial relationship” shall mean 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.

14. Listed entities shall have a process for how and when people are brought ‘inside’ on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.

## **SCHEDULE C**

[See sub-regulation (1) and sub-regulation (2) of Regulation 9]

### **Minimum Standards for Code of Conduct for Intermediaries and Fiduciaries to Regulate, Monitor and Report Trading by Designated Persons**

1. The compliance officer shall report to the board of directors or head(s) of the organisation (or committee constituted in this regard) and in particular, shall provide reports to the Chairman of the Audit Committee or other analogous body, if any, or to the Chairman of the board of directors or head(s) of the organisation at such frequency as may be stipulated by the board of directors or head(s) of the organization but not less than once in a year.
2. 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 legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Wall procedures, and processes for permitting any designated person to "cross the wall".
3. Designated persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.
4. Designated persons may execute trades subject to compliance with these regulations. Trading by designated persons shall be subject to pre-clearance by the compliance officer(s), if the value of the proposed trades is above such thresholds as the board of directors or head(s) of the organisation may stipulate.
5. The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
6. Prior to approving any trades, the compliance officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
7. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.
8. 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 a connected person of the listed company and is permitted to trade in the securities of such listed company, 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.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

9. The code of conduct shall stipulate such formats as the board of directors or head(s) of the organisation (or committee constituted in this regard) deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

10. Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, clawback etc., that may be imposed, by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.

11. The code of conduct shall specify that in case it is observed by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) or sub-regulation (2) of regulation 9, respectively, that there has been a violation of these regulations, such intermediary or fiduciary shall inform the Board promptly.

12. All designated persons shall be required to disclose name and Permanent Account Number or any other identifier authorized by law of the following to the intermediary or fiduciary on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile, and cell numbers which are used by them

In addition, names of educational institutions from which designated persons have studied and names of their past employers shall also be disclosed on a one time basis.

Explanation – the term “material financial relationship” shall mean 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.

13. Intermediaries and fiduciaries shall have a process for how and when people are brought ‘inside’ on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.