

# FIRSTSOURCE SOLUTIONS CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

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## INTRODUCTION

Insider trading means dealing in Securities of a Company listed/traded on any stock exchange in India based on, or when in possession of, unpublished price sensitive information.

With a view to govern the conduct of insiders on matters relating to insider trading, the Securities and Exchange Board of India ("SEBI") has formulated SEBI (Prohibition of Insider Trading) Regulations, 2015 (The "Regulations"). These Regulations would come into force on 15th May, 2015 and repeal the earlier Regulations issued by SEBI in this regard.

These Regulations require all listed companies to formulate a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards as set out in Schedule B to these Regulations without diluting the provisions of these Regulations in any manner.

Firstsource Solutions Limited ("the Company") has formulated this Code of Conduct called Firstsource Solutions Code of Conduct for Prohibition of Insider Trading ("the Code"). The Code shall come into force w.e.f. 15th May, 2015 and will supersede the earlier Firstsource Solutions Code of Conduct for Prevention of Insider Trading, as approved by the Board of Directors of the Company which was effective since 31st October, 2008.

All the employees and other connected persons are advised to carefully go through and familiarise themselves with and adhere to these Regulations and the Code.

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## TITLE, COMMENCEMENT AND EXTENT

- I. This Code is called Firstsource Solutions Code of Conduct for Prohibition of Insider Trading ("the Code").
- II. The Code shall come into force w.e.f. 15th May, 2015 and will supersede the earlier Firstsource Solutions Code of Conduct for Prevention of Insider Trading, as approved by the Board of Directors of the Company which was effective since 31st October, 2008.
- III. This Code is applicable to the employees of the Company and other connected persons as defined in this Code.

## 1. DEFINITIONS

In this Code, unless the context otherwise requires,

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

**"Board"** means the Board of Directors of the Company.

**"Code"** means this Firstsource Solutions Code of Conduct for Prohibition of Insider Trading by Insiders as modified from time to time.

**"Compliance Officer"** means any senior officer, designated so and reporting to the Board of Directors of the Company who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company. In the absence of the Company Secretary, the CFO of the Company or any other officer of the Company as authorised by the Managing Director & CEO of the Company will act as the Compliance Officer.

“Explanation—For the purpose of this regulation, “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.”

"Connected person" means,-

(i) any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including 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 of the 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 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
- g) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- h) a banker of the Company; or
- i) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest;
- j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest;

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 the 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 about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.

**"Director"** means a Director on the Board of Directors of the Company.

**"Employee"** means every Employee of the Company and its Subsidiaries.

**"Designated Persons"** shall include

- i) Directors of the Company
- ii) All Promoters of the Company
- iii) Employees designated as or is equivalent to Senior Vice President level & above
- iv) Employees working in Finance Department, who can reasonably be expected to have access to any unpublished price sensitive information, as may be designated by the Compliance Officer in consultation with the CFO of the Company, from time to time.
- v) Others Employees and Persons who can reasonably be expected to have access to any price sensitive information on the basis of their role and function, as may be designated by the Compliance Officer in consultation with the CFO of the Company or other functional heads, from time to time.
- vi) Such employees of the Company and its Material Subsidiaries in finance, secretarial, investor relations and any other department as may be determined by the Compliance Officer from time to time;
- vii) The chief executive officer and employees up to two levels below chief executive officer of the Company and its Material Subsidiaries irrespective of their functional role in the Company or the Material Subsidiary, as the case may be or their ability to have access to UPSI;

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

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

**"Insider"** means any person who is:

i) a connected person; or

ii) in possession of or having access to 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.*

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.

**"Intermediary"** means persons as specified in section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) or an employee or director thereof.

**"Key Managerial Personnel"** means a person as defined in section 2(51) of the Companies Act, 2013.

**"Material Financial Relationship"** means a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm's length transactions.

**"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year or such other company determined by the Company as material per its policy on determining material subsidiaries.

**"Officer of the Company"** means and includes any Director, Key Managerial Personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act.

**“Promoter”** means and 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.

**“Promoter Group”** shall have the meaning assigned to it under the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modifications thereof.

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

**“SEBI”** means the Securities and Exchange Board of India.

**“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

**“Specified Persons”** means the Directors, connected persons, the Insiders, the Designated Persons and the promoters and their immediate relatives who are collectively referred to as Specified Persons.

**“Subsidiaries”** shall have the meaning as described in the Companies Act, 2013.

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

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

**“Trading day”** means a day on which the recognized stock exchanges are open for trading.

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

- (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.

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## 2 DUTIES OF COMPLIANCE OFFICER

1. He shall maintain a record of Designated Persons and any changes made to their list.
2. He shall intimate to the Designated Persons about the period during which the Trading Window would be closed and the date when the Trading Window would be reopened.
3. He shall maintain a record of 'Trading Window Closure Period' as intimated from time to time.
4. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of Unpublished Price-Sensitive Information, pre-clearing of Designated Persons' and their Immediate Relatives' trades, monitoring and regulating of their trades and the implementation of the Code under the overall supervision of the Board of Directors of the Company.
5. He shall maintain records of all the declarations submitted in the appropriate forms given by the Directors, Officers and Designated Persons for a minimum period of five years.
6. The Compliance Officer shall report to the Board of Directors and place before the Chairman of the Audit Committee on yearly basis, details of trading made by Designated Persons along with accompanying documents executed under the pre-clearance procedure, if any.
7. He shall intimate to all the Stock Exchanges on which the Securities of the Company are listed, the disclosure which are required to be notified to the Stock Exchanges under Regulation 7 of SEBI (Prohibition of Insider Trading Regulations), 2015.
8. He shall ensure that Trading Window Closure Period and the date of its reopening are promptly intimated to all concerned.
9. He shall be responsible for overseeing and co-ordinating disclosure of unpublished price sensitive information to stock exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.

## 3. PRESERVATION OF PRICE SENSITIVE INFORMATION

- 1) The Specified Persons shall maintain the confidentiality of all unpublished Price Sensitive Information in their possession.
- 2) The Specified Persons shall not advise, communicate, counsel, inform or pass on such information to any person, directly or indirectly, other than communication required to be made/done in the ordinary course of business, or under any law.
- 3) Unpublished Price Sensitive Information shall be handled on a "need-to-know" basis, i.e., unpublished Price Sensitive Information should be disclosed only to those who need the information to discharge their duty and/or functions.

- 4) Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:
- 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 sharing of such information is in the best interests of the Company; or
  - not attracting 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 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 sharing of such information being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

However, 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information. Further, 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.

5) Need to Know:

- I. "need to know" basis means that Unpublished Price Sensitive Information should be disclosed only to those 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 the information.
- II. All non-public information directly received by any employee should immediately be reported to the head of the department.

## 4. LIMITED ACCESS TO UNPUBLISHED PRICE SENSITIVE INFORMATION

- 1) All files, papers and records containing unpublished Price Sensitive Information should be kept secure.



- 2) In case of unpublished Price Sensitive Information being available in the computer files, the same should be secured in the appropriate manner.

## 5. PREVENTION OF MISUSE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

- 5.1 Notwithstanding anything contained in the Code, the Designated Persons shall not engage in trading in Securities, whether on their own account, or on account of their immediate relatives or on the Company's account, and further shall ensure that their immediate relatives shall also not engage in trading in Securities on their own account, if such Designated Person is in possession of any 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.
- 5.2 The Chief Executive Officer, Managing Director or such other analogous person of the 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.
- 5.3 The internal controls shall include the following:
- all employees who have access to unpublished price sensitive information are identified as designated employee;
  - all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
  - adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
  - 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;
  - all other relevant requirements specified under these regulations shall be complied with;
  - periodic process review to evaluate effectiveness of such internal controls.
  - The board of directors of the Company and the board of directors or head(s) of the organisation of intermediaries and fiduciaries as defined in Regulation 9 (1) 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 the Regulation.

- The Audit Committee of the 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.
- The 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.
- The whistle-blower policy of the Company includes such provisions to make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.
- In case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and on initiation of inquiry by the Company the relevant intermediaries and fiduciaries shall co-operate with the Company in connection with such inquiry conducted by the Company.

## 6. TRADING PLAN

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

***NOTE:** This provision intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed in future. By doing so, the possession of unpublished price sensitive information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the unpublished price sensitive information came into being.*

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;

**NOTE:** It is intended that to get the benefit of a trading plan, a cool-off period of six months is necessary. Such a period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. It is also considered to be a reasonable period for a time lag in which new unpublished price sensitive information may come into being without adversely affecting the trading plan formulated earlier. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same unpublished price sensitive information both at the time of formulation of the plan and implementation of the same.

(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;

**NOTE:** Since the trading plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of unpublished price sensitive information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate unpublished price sensitive information.

(iii) entail trading for a period of not less than twelve months;

**NOTE:** It is intended that it would be undesirable to have frequent announcements of trading plans for short periods of time rendering meaningless the defense of a reasonable time gap between the decision to trade and the actual trade. Hence it is felt that a reasonable time would be twelve months.

(iv) not entail overlap of any period for which another trading plan is already in existence;

**NOTE:** It is intended that it would be undesirable to have multiple trading plans operating during the same time period. Since it would be possible for an insider to time the publication of the unpublished price sensitive information to make it generally available instead of timing the trades, it is important not to have the ability to initiate more than one plan covering the same time period.

(v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and

**NOTE:** *It is intended that while regulations should not be too prescriptive and rigid about what a trading plan should entail, they should stipulate certain basic parameters that a trading plan should conform to and within which, the plan may be formulated with full flexibility. The nature of the trades entailed in the trading plan i.e. acquisition or disposal should be set out. The trading plan may set out the value of securities or the number of securities to be invested or divested. Specific dates or specific time intervals may be set out in the plan.*

(vi) not entail trading in securities for market abuse.

**NOTE:** *Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse. For instance, in the event of manipulative timing of the release of unpublished price sensitive information to ensure that trading under a trading plan becomes lucrative in circumvention of regulation 4 being detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003.*

The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

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.

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

## 7. REPORTING REQUIREMENTS

### Disclosure of holding by Directors and officers - Initial Disclosure

7.1 (a) Every promoter, key managerial personnel and all the directors of the Company shall disclose their holding of securities of the Company as on the date of these regulations taking effect i.e. May 15, 2015, to the Company within thirty days of this date i.e. upto 14th June, 2015 (Annexure-I).

(b) Every person on appointment as a key managerial personnel or a director of the Company 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 (Annexure-II).

### 7.2 Continual Disclosure

1) Every promoter, designated person and all the directors 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 ten lakh rupees or such other value as may be specified (Annexure-III).

2) The Company shall notify the particulars of such trading to the stock exchanges on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

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

### 7.3 Disclosure of Transactions by Other Connected Persons

The Compliance Officer may, at his discretion, require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company (Annexure-IV) at such frequency as may be determined by him in order to monitor compliance with these regulations.

*NOTE: This is an enabling provision for the Company to seek information from those to whom it has to provide unpublished price sensitive information. This provision confers discretion on the Company to seek such information. For example, the Company may ask that a management consultant who would advise it on corporate strategy and would need to review unpublished price sensitive information, should make disclosures of his trades to the Company.*

This provision is further intended to mandate persons other than listed companies and intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their designated persons. These entities include professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.

### 7.4 Annual Disclosure of holdings by Designated Persons

The Designated Persons shall report the level of holdings in securities of the Company held by them and their immediate relatives alongwith the details of trades executed during the financial year on an annual basis as on March 31 of every financial year, on or prior to April 30 of the next Financial Year (Annexure-V).

## 7I. PROTECTION AGAINST RETALIATION AND VICTIMISATION

- i) Employees of the Company shall be safeguarded against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination in case of a Voluntary Information Disclosure Form filed by the said Employee with the Securities and Exchange Board of India, irrespective of whether the information is considered or rejected by the Securities and Exchange Board of India or he or she is eligible for a Reward under these regulations, by reasons of filing a Voluntary Information Disclosure Form under these regulations;

- ii) testifying in, participating in, or otherwise assisting or aiding the Securities and Exchange Board of India 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 the Securities and Exchange Board of India; or
- iii) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with the Board in any manner.

For the above purpose “employee” means any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under these regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

## 8. PENALTY FOR CONTRAVENTION OF THE CODE

- 1) All the Designated Persons shall be individually responsible for complying with the provisions of the Regulations and the Code to the extent applicable.
- 2) Any Director who violates the Code shall be subject to disciplinary action, as may be deemed fit by the Board of Directors of the Company. Any other Designated Person who violates the Code shall be subject to disciplinary action, which may include freeze on salary, ineligibility for future participation in the stock option plans or suspension / termination of service / contract, or any other action as may be deemed fit by the Company.

The action by the Company shall not preclude SEBI from taking any action for violation of the Regulations.

## 9. INFORMATION TO SEBI IN CASE OF VIOLATION OF THE REGULATIONS

- 9.1 In case any violation of the Regulation is observed by the Compliance Officer/Company, SEBI shall be informed of the same.

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## 10. TRADING WINDOW

- 1) The "Trading Window" for the purpose of this Code shall mean the period during which trading in Securities of the Company is permitted.
- 2) Subject to clause 5.1 of the Code, Designated Persons and their immediate relatives shall engage in trading in Securities of the Company only when the Trading Window is open. If such designated person is in possession of unpublished price sensitive information, he will not be allowed to trade in Securities of the Company even if the Trading Window is open.
- 3) The trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results. and at any other time as designated by the Compliance Officer in consultation with the Managing Director and CEO or the CFO of the Company, if any Price Sensitive Information is unpublished, including but not limited to the following:
  - a) Declaration of financial results (quarterly, half yearly and annual)
  - b) Declaration of dividends (interim and final)
  - c) Change in capital structure i.e. Issue of Securities by way of public/rights/bonus etc.
  - d) Any major expansion plans or Undertaking of new business
  - e) Buy-back, mergers, demerger, delistings
  - f) Changes in key managerial personnel;
  - g) Disposal of whole or substantially whole of the undertaking
  - h) Any significant changes in policies, plans or operations or during such other events as may be considered Price sensitive.
- 4) 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. Unless otherwise specified by the Compliance Officer, the Trading Window shall be opened 48 hours after the information relating to items specified in clause 9.3 above is made public. The Trading Window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.



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- 5) 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 trade exceeds the threshold as mentioned in clause 11.1 below. No Designated Person shall apply for pre clearance of any proposed trade if such Designated Person is in possession of unpublished price sensitive information even if the Trading Window is not closed.
- 6) The Trading Window restrictions shall not apply in respect of following cases subject to there should be no breach of regulation 3 of the Regulation i.e. insider shall prove his innocence that communication/procurement of UPSI has been done in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and both parties should have made a conscious and informed trade decision:
- i) the transaction should be an off-market inter-se transfer between insiders who were in possession of the same UPSI;
  - ii) the transaction was carried out through the block deal window mechanism between persons in possession of UPSI;
  - iii) the transaction was carried out pursuant to a statutory or regulatory obligation; and the transaction was bona fide in nature;
  - iv) the transaction was undertaken pursuant to the exercise of stock options and the exercise price was pre-determined in compliance with applicable regulations;
  - v) the trades were pursuant to a trading plan in accordance with regulation 5;
  - vi) pledge of shares for a bonafide purpose such as raising of funds, subject to preclearance by the compliance officer and compliance with the respective regulations made by the Board;
  - vii) transactions such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer.

## 11. PRE CLEARANCE OF TRADES

11.1 The Designated Persons who intend to deal in Securities of the Company or whose immediate relatives intend to deal in Securities of the Company exceeding Rs. 5 lakh in value or 25,000 shares, whichever is lower, or such trades as may be decided by the Board from time to time, should pre-clear the transaction with the Compliance Officer. However, no Designated Person shall be entitled to apply for pre-clearance of any proposed trade if such Designated 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 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. The pre-dealing procedure shall be hereunder:

- A. Application for pre-clearance of proposed Dealing in Securities of the Company along with an undertaking should be made to the Compliance Officer, indicating the estimated number and value of Securities to be dealt in and such other details as mentioned in Annexure-VI.
- B. The Compliance Officer shall consider the application made as above, and may clear/refuse to clear the same, without assigning any reasons for refusal to clear the same.
- C. In the event the clearance in terms of sub-clause B above has been given, the concerned Designated Persons and their immediate relatives shall carry out the Dealing in Securities of the Company within 7 trading days after such clearance. If the proposed Dealing in Securities is not completed within the said period of 7 trading days, then concerned Designated Person must seek fresh pre-clearance approval for the proposed Dealing in Securities of the Company by following the procedure mentioned in this clause.
- D. If the trade is not executed after securing pre-clearance, then this should be reported by the concerned Designated Employee alongwith the reasons for such decisions to the Compliance officer.
- E. The Designated Persons shall disclose the details of dealings in Securities of the Company by them/ their immediate relatives to the Compliance Officer within 7 days from the end of the calendar month in which trade is executed for which pre-clearance approval was taken (Annexure-VII).
- F. Pre- clearance approval of the trades of the Compliance Officer - The Preclearance application of the Compliance Officer shall be made to the CFO or the Managing Director & CEO of the Company. The procedure and other restrictions in respect of pre-clearance of trades of the Compliance Officer shall be the same as applicable to the Directors, Officers and designated Employees of the Company.

- 2) The Designated Persons and their immediate relatives who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. 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 SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.
- 3) In case the sale in Securities is necessitated by personal exigency of the Designated Persons or their immediate relatives, they may seek the waiver of the holding period specified in clause 5.2 above by making an application to the Compliance Officer (Annexure-VIII). The holding period may be waived by the Compliance Officer after recording in writing, the reasons of personal exigency of Designated Employees and their immediate relatives, provided that such relaxation does not violate the Regulations.
- 4) The Designated Persons shall also not take positions in derivative transactions in the securities of the Company at any time.