

POLICY FOR PREVENTION OF INSIDER TRADING

PREAMBLE:

The Securities and Exchange Board of India (SEBI), has formulated SEBI (Prohibition of Insider Trading) Regulations, 2015 ('Regulations'), which is applicable to all companies whose shares are listed on Indian stock exchanges, in its endeavour to protect the interests of stakeholders and to avoid the misuse of the Unpublished Price Sensitive Information in the day to day business affairs.

Parag Milk Foods Limited ('Company') has pursuant to the Regulations adopted a Policy for Prevention of Insider Trading ('Policy/Code') to prevent insider trading of securities, maintenance of confidentiality of Price Sensitive Information and in adherence to the SEBI applicable guidelines to establish internal procedure for regulating, monitoring and reporting of trading by Insiders for Prevention of Insider Trading by Promoters / Directors / Designated Employees / Connected Person of the Company, in relation to the securities of the Company.

EFFECTIVE DATE:

This Policy is applicable to the Company from the date of its listing with BSE Ltd. (BSE) and National Stock Exchange of India (NSE) i.e. with effect from May 19, 2016
BSE and NSE are hereinafter together referred to as "the stock exchanges"

DEFINITIONS

"Compliance Officer"

means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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 listed company or the head of an organization, as the case may be;

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

- (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(UPSI) or is reasonably expected to allow such access

“Connected Person,” includes

- i. A Director of the Company;
- ii. A Key Managerial Personnel of the Company;
- iii. An Officer of the Company;
- iv. Any person who is or has been in a contractual or fiduciary or employment relationship at any time in the six month period to the date of determining whether that person, as a result of such relationship, was, directly or indirectly, (x) allowed access to UPSI or (y) reasonably expected to be allowed access to UPSI;
- v. An employee of the Company who has access to UPSI or is reasonably expected to have access to UPSI;
- vi. Any person who has a professional or business relationship and that relationship that, directly or indirectly, (x) allows access to UPSI or (y) is reasonably expected to allow access to UPSI;

The person enumerated below shall be deemed to be Connected Persons if such person has access to UPSI or is reasonably expected to have access to UPSI

- a. An immediate Relative of Connected Persons;
- b. A holding company or associate company or subsidiary company;
- c. An intermediary as specified in section 12 of the SEBI Act or an employee or director thereof;
- d. An investment company, trustee company, asset management company or an employee or director thereof;
- e. An official of a stock exchange or of clearing house or cooperation;
- f. A member of board of trustee of mutual fund or a member of the Board of Directors of the asset management company of a mutual fund or is an employee thereof;
- g. A member of the board of director or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013;
- h. An official or an employee of a self-regulatory organization recognized or authorized by the Board
- i. A banker of the Company;
- j. A concern, firm, trust, Hindu undivided family, company or association of person wherein a director of the Company or his immediate relative or banker of the Company, has more than ten percent of the holding or interest.

DESIGNATED PERSON

The term “Designated person” shall consist of, Connected Persons who are:

- i. Promoter of the Company;
- ii. All Directors, Executive and Non – Executive and Key Managerial Personnel (KMPs);
- iii. Directors of the Company and its subsidiaries;
- iv. All Functional Heads posted at the Corporate Office of the Company;
- v. All Unit Heads of the Company
- vi. Employees named in the Corporate Organization Chart of the Company from time to time;
- vii. Employees at Senior Manager level and above in the Finance, Accounts, Corporate Planning and Strategy Departments.
- viii. Executive Secretaries of Directors and Executive Officers of the Company
- ix. Any other connected Person designated by the Company on the basis of their functional role;
- x. Immediate Relatives of i to viii above.

"Generally Available Information" means information that is accessible to the public on a non-discriminatory basis;

DIRECTOR

"Director" means a member of the Board of Directors of the Company.

"DEALING IN SECURITIES" means an act of subscribing to buying, selling or agreeing to subscribe to, buy, sell or deal in securities of the Company either as principal or agent.

"EMPLOYEE" means every employee of the Company including the Directors in the employment of the Company.

IMMEDIATE RELATIVE

"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

An insider means any person who is:

- i) A connected Person or
- ii) In possession of or having access to UPSI

KEY MANAGEMENT PERSONNEL

"Key Managerial Personnel" shall have the meaning assigned to it under the Companies Act, 2013.

1. the Managing Director, or the Chief Executive Officer or the Manager
2. the Company Secretary;
3. the Whole Time Director;
4. the Chief Financial Officer;
5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
6. such other officer as may be prescribed. "senior management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the "chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

PROMOTER

"Promoter" shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

SECURITIES

“Securities” Shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 or any modification thereof except units of mutual fund

PROHIBITED PERIOD

means;

- (i) Seven (7) Days before the meeting in which the Board of Directors is to consider any Unpublished Price Sensitive Information and ending after 48 hours from the time the Unpublished Price Sensitive information is made public.
- (ii) Such other period as may be specified by the Compliance Officer from time to time in consultation with the Chairman / Managing Director.

“**FREE PERIOD**” means any Period other than the “Prohibited Period”

TRADING

“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” or “UPSI”

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

- (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

Words and expressions used and not defined in these Rules but defined in the Securities and Exchange of India Act, 1992, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations.

PROHIBITION ON COMMUNICATING OR PROCURING UPSI

An Insider shall not

- i. Communicate, provide, or allow access to any UPSI, relating to the Company or its securities listed or proposed to be listed to any person including other insiders, except to the extent allowed by these Rules:
- ii. Procure from or cause the communication by an Insider or UPSI, relating to the Company or its securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

- ii A. 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” formulated under regulation 8.

Explanation: For the purpose of illustration, the term “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

- ii B. 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.

Provided that nothing contained above shall be applicable when an UPSI may be communicated provided, allowed access to or procured in connection with transaction that would-

- (i) In furtherance of legitimate purpose, performance of duties or discharge of legal obligations pursuant to appropriate confidentially and non disclosure agreement being executed
- (ii) entail an obligation to make an open offer under the takeover regulations where the board of directors of the listed Company is of informed opinion that the sharing of such information is in the best interests of the Company.

PROHIBITION ON INSIDER TRADING

- An Insider shall not, directly or indirectly, –
- i. Trade in securities that are listed or proposed to be listed when in possession of UPSI;
 - ii. Trade in securities of the Company except when the Trading Window is open and the Insider is not in possession of UPSI.

Explanation: 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 the restriction in (i) above shall not apply to:

- (a) a transaction that is an off-market inter-se transfer between insiders who were in possession of the same UPSI without being in breach of these Rules and both parties had made a conscious and informed trade decision; and

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

- 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.

- the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- 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.”
- 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;
- The trades were pursuant to a trading plan set up in accordance with regulation 5.
- In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.
- The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.
- 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.

TRADING WINDOW

- (1) The Compliance Officer shall notify a ‘trading window’ during which the Designated Persons may Trade in the Company’s securities after securing pre-clearance from the Compliance Officer in accordance with these Rules.
- (2) Designated Persons shall not Trade in the Company’s securities when the trading window is closed.
- (3) The trading window shall generally be closed for all Insiders Seven (7) Days before the meeting in which the Board of Directors is to consider any Unpublished Price Sensitive Information and ending after 48 hours from the time the Unpublished Price Sensitive information is made public.

- (4) Additionally, the trading window shall be closed in particular for a Designated Person or class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- (5) The trading window may be re-opened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.

PRE-CLEARANCE OF TRADING

- 1) Designated Persons may Trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application as per Annexure 1 and an undertaking as per Annexure 2
- 2) The Compliance Officer shall not approve any proposed Trade by Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.
- 3) The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve Trading by a Designated Person, on the condition that the Trade so approved shall be executed within seven trading days following the date of approval.
- 4) The Designated Person shall, within two days of the execution of the Trade, submit the details of such Trade to the Compliance Officer as per Annexure 3. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.
- 5) If the pre-cleared Trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.
- 6) A Designated Person who Trades in securities without complying with the preclearance procedure as envisaged in these Rules or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the pre-clearance procedure shall be subjected to the penalties as envisaged in the Regulations
- 7) Nothing in this rule shall apply to any Trade involving a value less than Rs 5 Lakhs or such other amount as may be specified by the Board of Directors from time to time (a "de minimis Trade") provided the Designated Person is not in possession of UPSI while executing the de minimis Trade.

ADDITIONAL TRADING RESTRICTIONS ON DESIGNATED PERSONS

- 1) No Director or Key Managerial Personnel shall enter into derivative transactions in respect of the securities of the Company.
- 2) All Designated Persons who Trade in the securities of the company shall not enter into an opposite transaction during the next six months following the prior transaction. In case of any 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 SEBI

TRADING PLAN

- (1) An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

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.

- (2) Such trading plan shall:-

- (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than twelve months;
- (iv) not entail overlap of any period for which another trading plan is already in existence;
- (v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- (vi) not entail trading in securities for market abuse.

- (3) 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.”

- (4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

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

PENALTY FOR INSIDER TRADING

- 1) An Insider who acts in contravention of these Rules, shall be liable to have his services or relationship with the Company, as the case may be terminated.
- 2) Directors, Officers and employees of the Company who violate these rules shall be subject to disciplinary action by the Company, which may include wage freeze, suspension and ineligibility for future participation in the Company's stock plans or termination.
- 3) The SEBI or any other appropriate regularly authority would also be informed of the violation of these Rules so that appropriate action may be taken.

DISCLOSURE REQUIREMENTS

- 1) Initial Disclosure:
 - a. Every Promoter, Key Managerial Personnel, Director of the Company and each of their Immediate Relatives shall disclose his holding of securities of the Company within thirty days of these Rules taking effect as per Form A set out in Annexure 4.
 - b. Every person on appointment as a Key Managerial Personnel or a director of the Company or upon becoming a Promoter shall disclose his / her and Immediate Relatives' 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, as per Form B set out in Annexure 5.
- 2) Continual Disclosure:
 - a. Every promoter, 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 lakh rupees or such other value as may be specified; as per Form C set out in Annexure 6
 - b. Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

- 3) Disclosures by other Connected Persons. The Compliance Officer may, require any other Connected Person or class of Connected Persons to disclose the holdings and trading in securities of the Company as per Form D set out in Annexure 7 at such frequency as may be determined by the Company in order to monitor compliance with these regulations.

OBSERVING AND CO-ORDINATING DISCLOSURE:

Company Secretary and Compliance Officer shall be responsible for prompt public disclosure of UPSI i.e. to Stock Exchanges that would impact price discovery, so as to ensure uniform and universal dissemination of UPSI to avoid selective disclosure.

In the event of inadvertent selective disclosure of UPSI, prompt action will be taken to ensure such information is generally available.

UPSI shall be handled on a "need to know" basis i.e. will be disclosed only who need the information to discharge their duty.

RESPONDING TO MARKET RUMOURS:

Company Secretary and Compliance Officer shall promptly deal with any query or request for market rumours received from stock exchanges/regulatory bodies.

DISCLOSURE/DISSEMINATION OF UPSI WITH SPECIAL REFERENCE TO ANALYSTS AND INSTITUTIONAL INVESTORS:

Chief Financial Officer of the Company, only shall disclose any information (which will not be UPSI) relating to the Company's Securities to Institutional Investors & Analysts.

MANNER OF DEALING WITH ANALYST AND INSTITUTIONAL INVESTORS

- (i) Only public information to be provided-

The Company shall provide only public information to the analyst/research persons/large investors like institutional investor. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.

- (ii) Handling of unanticipated questions –

The Company should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement if considered necessary, should be made before responding.

PRINCIPLES OF FAIR DISCLOSURE

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of UPSI forms part of as set out in Schedule A of Regulations (Annex-1) forms part of Principle for Fair Disclosures.

MISCELLANEOUS

- 1) The Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.
- 2) The disclosures made under this policy shall be maintained by the Company for a minimum period of 5 years, in such form as may be specified.

- 3) The Company shall require all Connected Persons to formulate and adhere to a code of conduct to achieve compliance with these Rules. In case such persons observe that there has been a violation of these Rules, then they shall inform the Board of Directors of the Company promptly.

SCHEDULE A

[See sub-regulation (1) of regulation 8]

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1. 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.
2. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. 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.
8. Handling of all unpublished price sensitive information on a need-to-know basis.

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.”