



# EASTERN TREADS LIMITED

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## Code of Conduct to Regulate, Monitor and Report Trading by Insiders

*[Pursuant to sub-regulation (1) and sub-regulation (2) of regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015]*

(Amended version as approved by the Board of Directors of the Company on November 13, 2015)

### I. PREAMBLE

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (hereinafter referred to as the 'Regulations') mandates the listed Companies to frame a Code of Conduct for Prevention of Insider Trading. Accordingly, the Code of Conduct for Prevention of Insider Trading as originally adopted by the Company w.e.f. 28/04/2009, has been amended by the Board of Directors of the Company.

### II. APPLICABILITY

This Code of Conduct for Prevention of Insider Trading is applicable on all employees and other connected persons who have access to or could have access to unpublished price sensitive information about the Company. Such persons are required to comply with this Code and to make the necessary disclosures as per Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as adopted by the Company. This amended Code shall be applicable with effect from May 15, 2015.

### III. DEFINITIONS

1. "Act" means the Securities and Exchange Board of India (SEBI) Act, 1992 (15 of 1992), Rules framed thereunder and any amendments thereto;
2. "Board of Directors" or "Board", means the collective body of the Directors of the Company;
3. "Code" means this Code of Conduct for Prevention of Insider Trading.
4. "Company", "This Company" or "The Company", wherever occur in the policy shall mean "Eastern Treads Limited".
5. "Compliance Officer" Compliance Officer shall mean 'Company Secretary of the Company 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board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.
6. "Connected Persons" means 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. Generally, the following persons shall be deemed to be connected persons unless the contrary is established:

- a. an immediate relative of connected persons;
  - 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
  - d. an Investment Company, Trustee Company, Asset Management Company or an employee or Director thereof; or
  - e. an Official of a Stock Exchange or of Clearing House or Corporation; or
  - f. a member of Board of Trustees of a Mutual Fund or a member of the Board of Directors of the Asset Management Company of a Mutual Fund or is an employee thereof; or
  - g. a member of the Board of Directors or an employee, of a Public Financial Institution as defined in section 2 (72) of the Companies Act, 2013; or
  - h. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
  - i. a Banker of the Company; or
  - j. a Concern, Firm, Trust, Hindu undivided family, Company or Association of Persons wherein a Director of the Company or his immediate relative or Banker of the Company, has more than ten per cent of the holding or interest;
7. "Designated Persons" means :
- a) All Directors;
  - b) Key Managerial Personnel (KMP's) as per Companies Act, 2013
  - c) All employees of Manager cadre and above;
  - d) Promoters/Promoter Group of the Company;
  - e) Persons in contractual, fiduciary or advisory relationship with the Company i.e. consultants, retainers, auditors, law firms, analysts etc.
  - f) Other persons as designated by the Board of Directors in consultation with Compliance Officer of the Company, from time to time; and
  - g) Immediate relatives of persons covered under clause (a) to (f) above.
8. "immediate relative" means 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;
9. "insider" means any person who is:



- a. a connected person; or
  - b. in possession of or having access to unpublished price sensitive information;
10. "Promoters/ Promoter Group" means the Promoters/ Promoter Group as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and as amended from time to time.
11. "Stock Exchange" shall mean National Stock Exchange of India Limited, BSE Limited and any other stock exchange(s) on which the securities of the Company are listed for the time being.
12. "Trading" means and includes subscribing, buying, selling, dealing (including pledging), or agreeing to subscribe, buy, sell, deal in any securities of the Company and "trade" shall be construed accordingly ;
13. "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;
  - vi. material events in accordance with the listing agreement; and
  - vii. Other matters as may be prescribed by SEBI/considered by the Compliance Officer to be price sensitive from time to time.

#### **IV. INTERPRETATION**

Words and expressions used and not defined in the Code but defined in the Regulations, 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.

#### **V. CODE**

##### **1.0 PRESERVATION OF "UNPUBLISHED PRICE SENSITIVE INFORMATION" AND PROHIBITION TO DEAL/BUY/SELL/PLEDGE ETC SECURITIES OF THE COMPANY BY INSIDERS**

- 1.1 The insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not pass on such information to any person directly or indirectly by way of making a recommendation for the Dealing, purchase or sale of securities.



- 1.2 The insiders when in possession of any unpublished price sensitive information pertaining to the Company shall not:
  - 1.2.1 Deal/Buy/sell securities of the Company, either on their own behalf or on behalf of any other person.
  - 1.2.2 Communicate, counsel or procure any unpublished price sensitive information to/ from any person.

## **2.0 NEED TO KNOW**

Unpublished Price Sensitive Information is to be handled on a “need to know” basis i.e. Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their official duties. A Chinese wall exists between members of respective departments and of the rest of Company. This Chinese wall is designed to isolate activities of one department from other in order to restrict the dissemination of information obtained by the respective departments/ members on a "need-to-know" basis. This Chinese wall is supported by the following procedures:

- Physical separation of each Department;
- Limiting computer access to the Inter-department network;
- Restriction on access to data via pen drives, external hard drives etc;

## **3.0 LIMITED ACCESS TO CONFIDENTIAL INFORMATION**

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

## **4.0 RESTRICTION TO DEAL/ BUY / SELL/ PLEDGE ETC SECURITIES**

- 4.1 The Designated Persons shall not deal/ buy/sell/ pledge etc securities of the Company during Closure of the 'Trading Window', i.e. the period during which trading in the securities of the Company is prohibited. The Designated persons shall conduct all their dealings in the securities of the Company only during an open trading window and shall not deal in any transaction involving the purchase/ sale/ pledge etc of the Company's securities during the periods when the trading window is closed.
- 4.2 The closure of trading Window for the purposes for which a specific notice/ intimation is required to be given to Stock Exchange shall commence from the date on which intimation of the date of Board meeting for consideration of any Unpublished Price Sensitive Information is given to Stock Exchange. However, if the circumstances so warrants, the time for closing of trading window may be increased or decreased by the Compliance Officer. The Trading Window shall be opened on third calendar day from the day on which the Price sensitive information is communicated to the Stock Exchange and becomes generally available.
- 4.3 The closure of the trading window for the purposes for which no specific notice/ intimation is required to be given to Stock Exchange shall be advised by the Compliance Officer of the Company, while the Trading Window shall be opened on third calendar day from the day on which Price sensitive information is communicated to the Stock Exchange and becomes generally available.



- 4.4 In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale/pledge of shares allotted in exercise of ESOPs shall not be allowed when trading window is closed.
- 4.5 Designated Persons who deal, 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 share during the next six months following the prior transaction. However, the Compliance Officer(s) is 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. If 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. The application for this approval should be made to the Compliance Officer(s) in format specified in Annexure I.
- 4.6 All Designated persons, who intend to deal in Company's securities (themselves or through immediate relatives) during the period other than trading window closure, are required to obtain the pre-clearance of the proposed acquisition/purchase/ sale/pledge transactions as per the procedure described hereunder, if the said transaction of the securities of Company is in excess of 10,000 in number or Rupees Five Lacs in market value, whichever is lower, in transaction(s) in a single day. In case of dealing by Compliance Officer(s), pre-clearance from Managing Director shall be required. An application stating, inter alia, the estimated number of securities that the Designated Person intends to deal in, the details as to the depository with which he has security account and the details as to the securities already held etc, for pre-clearance shall be made to the Compliance Officer of Company in the format specified in Annexure I. An undertaking shall also be executed in favour of the Company by such Designated Person incorporating, inter alia, the following clauses, as may be applicable:
- a) That the said Designated Person or his immediate relative does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
  - b) That in case the said Designated Person or his immediate relative has access to or receives "Price Sensitive Information" after signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer(s) 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.
  - c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
  - d) That he/she has made a full and true disclosure in the matter.
- 4.7 The Compliance Officer(s) will scrutinize the application within 2 working days of submission and communicate the approval/ refusal (along with reasons therefore) to the applicant. In the absence of the Compliance Officer(s), the preclearance application will be decided upon by the Managing Director.
- 4.8 In case any transaction has been refused, the Designated Person shall be free to re-apply for pre-clearance of the transaction, which was refused, to Chairman of Audit



Committee of the Company. The decision of Chairman of Audit Committee in this regard shall be final.

- 4.9 The pre-clearance approval shall be valid only for seven calendar days from the date of communication and shall lapse thereafter. If the transaction is not consummated within seven calendar days from the approval date, the Designated Person will be required to follow the process of pre clearance again. However the Compliance Officer(s) shall have the right to revoke the clearance granted, before the relevant transaction has been consummated, if considered necessary.
  
- 4.10 The requirements of pre- clearance of a proposed transaction shall not apply in the following cases:
  - 4.10.1 In the event of participation of a public event i.e. a rights or a bonus issue.
  - 4.10.2 In the case of any acquisition of shares through transmission or inheritance, or like mode.
  - 4.10.3 By way of any court settlement or award thereof.

## **5.0 TRADING PLAN**

The Designated Persons, who are perpetually in possession of unpublished price sensitive information, shall have an option to formulate their trading plan and present the same to Compliance Officer(s) for approval. Upon approval of Trading Plan, the Compliance Officer(s) shall notify the same to Stock Exchanges where securities of the Company are listed. The Compliance Officer(s) shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and may seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. The Trading plan shall comply with following requirements:

- a) Trading/Dealing in securities will commence after six months of public disclosure of trading plan.
- b) No Trading/Dealing between twenty (20) trading days prior to last day of any financial period for which results are required to be announced and till second(2) trading day after disclosure of financial results.
- c) Trading plan should be for a period of at least 12 months and there should not be any time overlapping in two trading plans.
- d) Trading plan shall set out either the value of trades to be effected or number of securities to be traded along with the nature of trade and the intervals at or the dates on which such trades shall be effected.
- e) The Trading should not entail/result in market abuse.
- f) The trading plan once approved shall be irrevocable & 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.

However, 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.

## 6.0 DISCLOSURES

6.1 Designated Persons shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the Compliance Officer:

Periodicity of Disclosure	Disclosure Requirement	Time period within which disclosure is to be made
Initial Disclosure by Promoter, <b>KMP</b> and Director(s) of the Company	Number of Securities held by them as on May 15, 2015.	a) Within thirty (30) days of coming into effect of SEBI (Prohibition of Insider Trading) Regulations, 2015. b) Within seven (7) days of such appointment or becoming a promoter.
Annual Disclosure by Promoter, employee and Director(s) of the Company	Number of Securities held by them.	Within 30 days of closing of Financial Year
Continual Disclosure by Promoter, Employee and Director of the Company, if the number of securities acquired or disposed off, if the value of securities traded individually or cumulatively during a calendar quarter exceeds Rs. 10 lakhs. For the purpose of continual disclosure as specified above, 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 of Rs Ten lacs during a calendar quarter. Company shall notify these disclosures within two (2) trading days of receipt of such disclosure or becoming aware of such information to Stock Exchanges where the shares of the Company are listed	Number of Securities or voting rights acquired or disposed off by them.	Within 2 trading days of dealing/acquisition/sale/transfer of securities.



## **7.0 GENERAL**

- 7.1 In case it is observed by the Company/Compliance Officer(s) that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed by the Company.
- 7.2 Designated Persons are advised to pursue this Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, carefully and acquaint themselves with all the provisions contained therein. The Compliance Officer(s) shall assist the Designated Persons in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for Prevention of Insider Trading.
- 7.3 The Compliance Officer(s) shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of trades by designating employees or their immediate relatives and the implementation of the Code of Conduct for Prevention of Insider Trading under the overall supervision of the Board of the listed company.
- 7.4 The Compliance officer(s) shall maintain records of all the declarations or information in the appropriate form given by the designated persons for a minimum period of five years.
- 7.5 The Compliance officer(s) shall place before the Chairman of the Audit Committee, on a quarterly basis all the details of the dealing in the securities by Designated Persons and the accompanying documents that such persons had executed the predealing procedure as envisaged in this code.

## **8.0 CONTRAVENTION**

Any contravention of the code by Designated Persons shall attract strictest disciplinary action including but not restricted to recovery of profits made, wage freeze, suspension and/ or termination of employment.





**Annexure I**

Date:

The Compliance Officer

**Sub: Application for Pre-clearance of Trade**

Dear Sir,

I intend to deal in the Securities of Company. Detailed particulars of Proposed Transaction are as follows:

1. Name :
2. Designation, Department & Employee Code :
3. DPID-Client Id & Details of Depository :
4. Name(s) of Account Holder(s) :
5. Relation with Designated Employee :
6. No of securities held (including those held by immediate relatives) before proposed Transaction:
7. Nature of Proposed Transaction :
8. Estimated number of securities to be dealt in proposed Transaction (including by immediate relatives):
9. Estimated value of securities to be dealt in proposed Transaction (including by immediate relatives):
10. Reason for proposed Transaction :

You are requested to pre-clear the above transaction.

Thanking you,

(Signature)



## Code of Conduct to Regulate, Monitor and Report Trading by Insiders

*[Pursuant to sub-regulation (1) and sub-regulation (2) of regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015]*

- 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.
- 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 the insider's legitimate purposes, performance of duties or discharge of his 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) Employees and connected persons designated on the basis of their functional role ("**designated persons**") in the organisation shall be governed by an internal code of conduct governing dealing in securities. The board of directors shall in consultation with the compliance officer specify the designated persons to be covered by such code on the basis of their role and function in the organisation. Due regard shall be had to the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.
- 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.
- 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. 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.
- 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. 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.
- 7) 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 preclearance of trades.
- 8) 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.
- 9) 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.



- 10) The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- 11) 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, recording of reasons for such decisions and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.
- 12) 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 etc., that may be imposed, by the persons 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.
- 13) The code of conduct shall specify that in case it is observed by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these regulations, they shall inform the Board promptly.

This code may be called as code of conduct of Eastern Treads Limited for prevention of Insider Trading. This Code can be modified / amended / altered by Directors / Compliance Officer authorized by the Board. But in case of any statutory modification or amendment or alteration of the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations 1992, the newly modified / amended / altered provisions of the Regulation shall be placed before the Board of Directors of the Company for noting and the amended code shall be deemed to be implemented effective from the date of approval of the same by the Board.

## **1. PREAMBLE**

Insider trading means dealing in securities of a listed company traded on any Stock Exchange in India by insiders which term includes Directors, Officers and Designated Employees of the Company based on or when in possession of unpublished price sensitive information (UPSI).

The Securities and Exchange Board of India (SEBI), as part of its efforts to protect the interest of investors in general, had issued the SEBI (Prohibition of Insider Trading) Regulations, 1992, under the powers conferred on it by the SEBI Act, 1992, which were made applicable to all the listed companies. The Regulations prohibits insider trading. Regulation 3 of the Regulation, which prohibits insider trading, is quoted here under:

### ***“No Insider shall -***

- (a). either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information; or
- (b). communicate or counsel or procure, directly or indirectly, any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities.



Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or profession or employment or under any law.”

## 2. APPLICABILITY

This code shall be applicable to all the Directors, Officers, Designated Employees and substantial shareholders both present and future.

## 3. DEFINITIONS

- (a). “Act” means the Securities and Exchange Board of India Act, 1992 as may be amended from time to time.
- (b). “Board” means Board of Directors of the Company.
- (c). “Code” means this Code of Conduct for Prevention of Insider Trading including modifications made thereto from time to time.
- (d). “Company” means Eastern Tread Limited.
- (e). “Compliance Officer” shall mean Company Secretary of the Company.
- (f). “Dealing in Securities” means subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities either as principal or agent.
- (g). “Dependent Family Members” shall mean dependant spouse, dependent parents, dependent children(s) and includes any other person(s) dependent on the earnings of Directors, Officers and Designated Employees of the Company.
- (h). “Designated Employees” shall mean and include top three tier of the Company Management, namely:-
  - (i). Chief Executive Officer (CEO), Chief Financial Officer (CFO)
  - (ii). General Manager and above of all the departments of the Company
  - (iii). Senior Manager and above of Finance and Accounts, Secretarial Department of the Company.
- (i). “Officer” shall mean and include –
  - (i). Statutory and Internal Auditor of the Company.
  - (ii). Person occupying the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.
  - (iii). Any other person as decided by the Board of Directors of the Company.
- (j). “Director” means Directors on the Board of the Company both Executive and Non-Executive.
- (k). “Substantial Shareholder” means any person who holds more than 5% of shares or voting rights in the company.
- (l). “Insider” means any person who is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of the company, or has received or has had access to such unpublished price sensitive information.
- (m). “Unpublished” means information which is not published by the Company.
- (n). “Regulation” means Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations 1992 as amended from time to time.
- (o). “Price Sensitive Information” means information which relates directly or indirectly to a Company and which if published is likely to materially affect the price of the securities of Company. Following Information is deemed to be price sensitive information:-
  - (i). periodical financial results of the Company;
  - (ii). intended declaration of dividends (both interim and final);



- (iii). issue of securities or buy back of securities;
  - (iv). any major expansion plans or execution of new projects;
  - (v). amalgamation, mergers or takeovers;
  - (vi). disposal of the whole or substantial part of the undertaking;
  - (vii). any significant changes in policies, plans and operation of the Company.
- (p). "Securities" shall mean the Equity Shares of the Company and such other securities of the Company issued from time to time as may be specified by the Board or the Managing Director or the CEO as the case may be of the Company.
- (q). "Trading Window" means the period during which the Directors, Officers and Designated Employees of Company may trade in the Company's securities.
- (r). "Working Day" shall mean the working when the regular trading is permitted on the concerned stock exchange where securities of the company are listed.

#### **4. CODE**

##### **1) Compliance Officer**

- 1.1 The Company has appointed the Company Secretary as the Compliance Officer who shall report to the Managing Director / Chief Executive Officer / Chief Financial Officer.
- 1.2 The Compliance Officer shall be responsible for setting policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing trades of Directors, Officers and Designated Employees' and their dependents (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board.
- 1.3 The Compliance Officer shall maintain a record of the designated employees and any changes made in the list of designated employees.
- 1.4 The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time and the company's code of conduct.

##### **2) Preservation of Price Sensitive Information**

- 2.1 Directors, Officers and Designated Employees shall maintain the confidentiality of all Price Sensitive Information. Directors, Officers and Designated Employees shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.
- 2.2 Price Sensitive Information is to be handled on a "need to know" basis, i.e., Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty.
- 2.3 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc. for preservation of misuse of "Price Sensitive Information".
- 2.4 All Directors, Officers and Designated Employees of the company shall be subject to trading restrictions as enumerated below.
  - a. When the trading window is closed, the Directors, Officers and Designated Employees on their own or on behalf of their Dependents shall not trade in the company's securities in such period.
  - b. The trading window shall be, inter alia closed at the time:-
    - i. Declaration of financial results (quarterly, half-yearly and annually).
    - ii. Declaration of dividends (interim and final).
    - iii. Issue of securities by way of public/rights/bonus etc.
    - iv. Any major expansion plans or execution of new projects.

- v. Amalgamation, mergers, takeovers and buy-back.
  - vi. Disposal of whole or substantially whole of the undertaking.
  - vii. Any changes in policies, plans or operations of the company.
  - c. Closure of trading window shall commence 48 hours before the date of meetings of Board of Directors of the Company are held to consider any of the items referred hereinabove, unless decided otherwise by the board.
  - d. The trading window shall be re-opened 24 hours after the information referred hereinabove, is made public.
  - e. All directors/officers/designated employees of the company shall conduct all their dealings in the securities of the Company only during trading window is open.
- 2.5 In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.
- 2.6 All Directors, Officers and Designated Employees shall not engage in dealing in securities, whether on their own account or on behalf of the Dependent and shall ensure that their Dependent shall also not engage in Dealing in Securities on their own account, if such Director, Officer or Designated Employees is in possession of any unpublished price sensitive information.

### **3) Pre-clearance of trades**

- 3.1 All Directors, Officers, Designated employees of the Company and their dependents who intend to deal in the securities of the Company should pre-clear the transaction as per the pre-dealing procedure as described hereunder.
- 3.2 An application may be made in prescribed format (Annexure 1) to the Compliance Officer indicating the estimated number of shares that the Insider intends to deal in, the depository with which he/she has an account and the details as to his/her shareholding before and after the intended transaction.
- 3.3 An undertaking (Annexure 2) shall be executed in favour of the company by such directors, officers, designated employees incorporating, inter alia, the following clauses, as may be applicable :
- a. That the directors, officers, designated employees does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
  - b. That in case the employee, director, officer has access to or receives "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.
  - c. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
  - d. That he/she has made a full and true disclosure in the matter.

### **4) Other restrictions**

- 4.1 All directors, officers, designated employees and their dependents shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the directors, officers, designated employees must pre-clear the transaction again.
- 4.2 All directors/ officers/ designated employees 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. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the



company at any time. In the case of subscription in the primary market (initial public offers), the above mentioned persons shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

4.3 In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his/ her reasons in this regard.

## **5) Reporting requirements for transactions in securities**

5.1 Any person who is a promoter or part of promoter group or director or officer of the listed company shall be required to forward following details of securities transactions including the statement of dependent family members to the company / Compliance Officer:

- a. All holdings in securities or voting rights held and positions taken in derivatives of the company. The disclosure shall be made within 2 working days of becoming a promoter or part of promoter group or director or officer in Form B.
- b. the change in the total number of shares or voting rights held, if there has been a change in such holdings of such person and his dependents from the last disclosure made and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. The disclosure mentioned above shall be made to the company and stock exchange where the shares of the company are listed in Form D within 2 working days of:
  - i. the receipts of intimation of allotment of shares, or
  - ii. the acquisition or sale of shares or voting rights, as the case may be.
- c. Annual statement of all holdings in securities. The disclosure shall be made within thirty days from the close of each financial year.

5.2 Any person who holds more than 5% shares or voting rights shall disclose to the company in Form A within 2 days of:

- a. the receipts of intimation of allotment of shares, or
- b. the acquisition or sale of shares or voting rights, as the case may be.  
Further any change in holdings of such person from the last disclosure made even if such change results in shareholding falling below 5% and the change exceeds 2% of the total shareholding or voting rights shall be disclosed in Form C within 2 working days.

5.3 Compliance Officer shall maintain records of all the declarations in the appropriate form given by the directors, officers, designated employees for a minimum period of three years.

5.4 The Compliance Officer shall place before the Managing Director or Chief Executive Officer or Chief Financial Officer or a committee specified by the company, on a monthly basis all the details of the dealing in the securities by Director, Officer, Designated Employees of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

## **6) Penalty for contravention of code of conduct**

6.1 Any Director, Officer, Designated Employees who trades in securities or communicates any Information for trading in securities in contravention of the code of conduct may be penalized and appropriate action may be taken by the company.

6.2 Any Director, Officer, Designated Employees of the company who violate the code of conduct shall also be subject to disciplinary action by the company, which may include





wage/salary freeze, suspension, ineligible for future participation in employee stock option plans, etc.

6.3 The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

**7) Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992**

In case it is observed by the company / Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992 SEBI shall be informed by the company.

**8) GENERAL**

Employees are advised to pursue the Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time, and acquaint themselves with all the provisions.





ANNEXURE-1

**Application for pre-clearance of trade**  
(Regulation 12(1) of SEBI (PIT) Regulations, 1992)

To,  
Compliance Officer  
Eastern Treads Limited

Dear Sir /Madam

Ref: DP's name:

DP ID:

CLIENT ID:

Name of insider:

Address:

Your approval is solicited for purchase/sale of \_\_\_\_\_ securities of the Company in physical / demat form. I state on solemn affirmation:

- 1 that I am Director/Officer/Designated Employee of the Company who may reasonably be expected to have an access to unpublished price sensitive information in relation to the Company;
- 2 that I intend to purchase/sale\_\_\_\_\_ (state No. of securities) securities of the Company in physical/demat form immediately on receipt of clearance for trade;
- 3 that I am aware of the code of conduct for Prohibition of Insider Trading (PIT) and that the provisions are applicable to me.
- 4 that I do not have access to the unpublished price sensitive information and also have not received unpublished price sensitive information till today;
- 5 that in case I have access to the price sensitive information or receives it after signing this undertaking, I shall inform the change and refrain from dealing in securities till the information becomes public;
- 6 that I have not contravened the code of conduct for prevention of insider trading as notified by the Company
- 7 I will hold/not repurchase such equity shares/listed securities for a minimum period of thirty days from the date of purchase/sale.
- 8 In case of non-execution of transaction by me within 7 days from the date of permission for purchase/sale, I will again take the clearance for the same.
- 9 that whatever is stated above is true and correct to the best of knowledge and nothing has been concealed.

10

Yours truly

Signature

Name

Designation

Employee Code no.

*(You are requested to use the above format for pre-clearance of trade of your dependents i.e. dependent parents, dependent spouse, and dependent children)*



ANNEXURE-2  
**UNDERTAKING**

I, .....aged about .....years, Son of..... working in the capacity of ..... in Eastern Treads Limited (hereinafter referred to as 'Company') do hereby solemnly declare and undertake as under:

1. that I am working with the company with effect from .....
2. that as on date I do not possess/own any shares of the company or I have purchased ..... nos. of shares of the Company from open market. (strike out which is not applicable)
3. that I have received and read the Company's code of conduct and agree to comply with the Company's code of conduct and ethics from time to time.
4. that I do not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
5. In the event that I have access to or receive "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction for which approval is sought, I shall inform the compliance officer of the Company of the change in my position and that I would completely refrain from dealing in the securities of the company till the time such information becomes public.
6. that I shall not communicate, counsel or procure directly and indirectly any unpublished Price Sensitive Information (PSI) as mentioned in Company's code of conduct to any person who while in possession of such unpublished PSI & shall keep the confidential information which is in my possession secured.
7. that I shall provide Initial disclosure about shareholding in the requisite form to the compliance officer of the Company.
8. that I shall undertake to seek pre-clearance of the compliance officer for any securities transaction and shall make an application, submit required forms duly filled and signed.
9. that I shall give annual statement of shareholding in Company's securities by 30th April of every year along with my dependent.
10. that I have not contravened the code of conduct for prevention of insider trading as notified by the Company and shall be fully liable in any event of contravention/noncompliance of the same.
11. That I have made a full and true disclosure in the matter

Signature:

Date: Name:

Place: Emp. Code:



## **CODE OF CORPORATE DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING**

### **1 Prompt disclosure of price sensitive information**

- 2.1 The Compliance Officer would be responsible to ensure timely and adequate disclosure of price sensitive information pursuant to this Code and as required under the SEBI (Prevention of Insider Trading) Regulations, 1992.
- 2.2 The Compliance Officer may also consider, from time to time, ways of supplementing information released to stock exchanges by improving investor access to its public announcements.

### **2 Overseeing and co-ordinating disclosure**

- 2.1 The Compliance Officer shall oversee the corporate disclosure.
- 2.2 The Compliance Officer shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and coordinating disclosure of price sensitive information to Stock Exchanges, analysts, shareholders and media, and educating staff on disclosure policies and procedure.
- 2.3 All disclosure / dissemination whatsoever of any information shall be approved in advance by the Managing Director / Chief Executive Officer of the Company.
- 2.4 If information is accidentally disclosed without prior approval, the person responsible may inform the Compliance Officer immediately, even if the information is not considered price sensitive.

### **3 Responding to Market rumours**

The Compliance Officer shall be responsible for deciding, in consultation with the Managing Director, whether a public announcement is necessary for verifying or denying rumours / report appearing in newspaper or otherwise and then decide about making the appropriate disclosures.

### **4 Timely Reporting of shareholdings / ownership and changes in ownership**

The Compliance Officer shall be responsible for ensuring that disclosures of shareholdings / ownership of major shareholders and disclosures of changes in ownership as required under the Listing Agreement and / or any rules / regulations made under the Securities and Exchange Board of India Act, 1992 are made in a timely and adequate manner.

### **5 Disclosure / dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors and sharing of non – public information**

- a) The Company shall provide only public information to the analysts / research persons / large investors like institutions. In case of non – public information is proposed to be provided, the person proposing to provide such information shall consult the Compliance Officer in advance. The Compliance Officer in such cases, shall ensure that the information provided to the analysts / research persons / investors as above is made public simultaneously with such disclosure.
- b) In order to avoid misquoting or misrepresentation, the meeting with the analysts / research persons / investors and discussions shall be attended by the 2 (two) senior employees of the Company as may be authorised by the Managing Director in this regard and the proceedings of the meeting shall be recorded in writing.
- c) The Company shall be careful when dealing with analysts questions that raise issues outside the intended scope of discussions. Unanticipated questions shall 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) When the company organizes meetings with analysts, the company shall make a press release or post relevant information on its website after every such meet.

**6 Medium of disclosure / dissemination**

- a) The Company shall disclose / disseminate all price sensitive information on a continuous, prompt and in timely manner to stock exchange(s) where its securities are listed.
- b) The Company may also consider other modes of public disclosure of Price Sensitive Information so as to improve investor access to the same.
- c) The information filed by the Company with the stock exchange(s) under continuous disclosure requirement of the listing agreement will also be posted on the Company's website.
- d) The disclosure(s) required to be made by the Company with the stock exchange(s) under these codes may also be disclosed through mode of electronic filing.