

# EASTERN TREADS LIMITED

CIN: L25119KL1993PLC007213

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## CODE OF CONDUCT

## EXECUTIVE SUMMARY

The reputation that EASTERN has built over the years for high ethical standards is one of our greatest business assets. To share the responsibility to preserve and enhance this asset, the company has documented the Code of Conduct for its employees. This handbook covers the Code in detail.

The Code of Conduct outlines the principles, policies and laws that govern the activities of the company, and to which employees of EASTERN and others who work with, or represent EASTERN directly or indirectly, must adhere. The Code is distributed to all employees and directors and others associated with the business of the Company, and offers guidance for professional conduct which include the following key points:

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**1. Preamble**

EASTERN'S Code of Conduct has now been re-drafted for better presentation. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

**2. Philosophy**

EASTERN is a professionally managed organisation and the core value underlying our corporate philosophy is "trusteeship". We believe this organisation has been handed to us by the various stakeholders in "trust" and we as professionals are the "trustees" of these stakeholders. It is therefore our responsibility to ensure that the organisation is managed in a manner that protects and furthers the interests of our stakeholders. We recognize society as an important stakeholder in this enterprise and therefore it is part of our responsibility to practise good corporate citizenship.

It is also our belief that in order to serve the interests of our stakeholders in perpetuity, we must build EASTERN into an institution whose dynamism and vitality are anchored in its core values.

It is vital to the success of the Company that business of the Company is conducted with honesty and integrity and in compliance with all applicable legal and regulatory requirements. This Code of Conduct sets out the fundamental standards to be followed by the Directors and Senior Management members and all employees in their everyday actions on behalf of the Company and seeks to promote honest and ethical conduct.

Inevitably, it cannot be a comprehensive guide. It is only intended as a summary. If a Director or a Senior Management member is in any doubt or has further questions he should seek advice from the Company Secretary, who is the Compliance Officer, whose contact details are given at the end of this Code.

### **3. Code of Business Conduct**

The code of Business Conduct is the apex level instrument guiding the affairs of the Company and clearly delineates the roles, responsibilities and authorities of the key entities in the governance structure of the Company.

This Code forms an integral part of the Company's Governance Policy. The directors, senior management and all employees must adhere to the code of Business conduct of the Company.

#### **3.1 Political Contributions**

The Company reserves the right to communicate its position on important issues to elected representatives and other government officials. It is the Company's policy to comply fully with all local, state, National, foreign and other applicable laws, rules and regulations regarding political contributions.

The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the Board of Directors.

#### **3.2 Industrial Espionage**

It is the Company's policy to lawfully compete in the marketplace. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of this policy is to maintain the Company's reputation as a lawful competitor and to help ensure the integrity of the competitive marketplace. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally. Company employees, agents and contractors may not steal or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

#### **4. Good Corporate Citizenship**

In the conduct of the Company's business, the practice of good corporate citizenship is a prerequisite and embraces the following:

##### **4.1 Dealing with People in the Organisation**

In dealing with each other, directors, senior management and employees shall uphold the values which are at the core of our HR Philosophy - trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self respect and human dignity. Indeed, these values form the basis of our HR management systems and processes. In selection and recruitment, while meritocracy will be a prime criterion, managers will scrupulously consider all factors that go towards securing the interests of the Company. EASTERN will focus on meritocracy, equity and upholding of Company values in all people processes including performance management systems, appraisals, remuneration and rewards.

##### **4.2 Solicitation and Distribution of Literature**

In order to ensure efficient operation of the Company's business and to prevent disruption to employees, the company has established control of solicitations and distribution of literature on Company property. No employee shall solicit or promote support for any cause or organization during his or her working time or during the working time of the employee or employees at whom such activity is directed. No employee shall distribute or circulate any written or printed material in work areas during his or her working time or during the working time of the employee or employees at whom such activity is directed. Under no circumstances will non-employees be permitted to solicit or to distribute written material for any purpose on Company property.

##### **4.3 Company Brand and Logo**

EASTERN TREADS® is the registered trademark of the Company in India. This should be conspicuously marked with the ® designation or with a notation that this is the registered trademark of the Company whenever they are first used in any medium, presentation or other promotional context.

##### **4.4 Use of EASTERN Name, Facilities or Relationships**

You should not use EASTERN's name, facilities, or relationships for personal benefit or for outside work. Use of EASTERN's name, facilities or relationships for charitable or pro bono purposes can be made only with prior approval from the Compliance Officer and only after any other notification and approvals in accordance with the policies of your business unit.

##### **4.5 Computers and Other Equipment**

The Company strives to furnish employees with the equipment necessary to efficiently and effectively do their jobs. You must care for that equipment and to use it responsibly only for Company business purposes. If you use Company equipment at your home or off site, take precautions to protect it from theft or damage, just as if it were your own. If the Company no longer employs you, you must immediately return all Company equipment. While computers and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote Company's interests, all such computers and electronic devices,

must remain fully accessible to the Company and, to the maximum extent permitted by law, will remain the sole and exclusive property of the Company.

Employees, agents and contractors should not maintain any expectation of privacy with respect to information transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of the Company. To the extent permitted by applicable law, the Company retains the right to gain access to any information received by, transmitted by, or stored in any such electronic communications device, by and through its employees, agents, contractors, or representatives, at any time, either with or without an employee's or third party's knowledge, consent or approval.

#### **4.6 Media, Publishing and Public Appearances**

Eastern the most trusted brands in Kerala, is one of the key businesses in the state and has significant media exposure in the state. Media management becomes critical in such a scenario and any negative news could have a bearing on the company's image and standing in the corporate world. As a company we have to ensure that we are a responsible corporate citizen and our image in the market has to be managed accordingly.

As we are growing and expanding ourselves into other markets of India and the rest of the world, we need to ensure that the image portrayed is positive and that we have a control on external interface and media briefs. Designated personnel will manage the external interfaces and media briefing to provide authorized information about the company. No other person shall divulge any information to any external party through media briefings / contacts.

Employees of Eastern might have frequent external interactions. But we hereby notify that any reference to Eastern, its policies and practices, especially information that is confidential in nature cannot be shared in any external interactions. Anyone making a presentation about the company or giving talks in any public / private gatherings, which has reference to the company and information about the company and its dealings, will have to get the content approved by authorised personnel.

#### **4.7 Relationship with Suppliers and Customers**

All directors, senior management and employees shall ensure that in their dealings with suppliers and customers, the Company's interests are never compromised.

##### **4.7.1 Payments or gifts from others**

Under no circumstances may employees, agents or contractors accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud.

Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Before accepting anything of value from an employee of a government entity, please contact the Human Resources Department or the Finance Department. Questions regarding whether

a particular payment or gift violates this policy are to be directed to Human Resources Department.

#### **4.8 Legal Compliance**

It is the Company's policy to comply fully with all applicable laws and regulations. Ensuring legal and regulatory compliance is the responsibility of the Chief Executives of the Businesses. The Company cannot accept practices which are unlawful or may be damaging to its reputation. Divisional Management Committees must satisfy themselves that sound and adequate arrangements exist to ensure that they comply with the legal and regulatory requirements impacting each business and identify and respond to developments in the regulatory environment in which they operate. In the event the implication of any law is not clear, the Company's Legal Department shall be consulted for advice.

#### **4.9 Equal Opportunity Employer**

As a good corporate citizen, EASTERN is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent/stop/redress sexual harassment at the workplace and institute good employment practices.

The company provides equal opportunity at work place for its employees and does not discriminate based on national or ethnic origin, colour, race, religion, age, sex, marital status, family status, disability, pardoned conviction, or sexual orientation.

#### **4.10 Harassment**

Eastern, strives to maintain a harassment-free workplace. Harassment in the workplace is unacceptable and will not be tolerated by the Company. Employees are expected to act towards other individuals professionally and respectfully.

##### **4.10.1 General Harassment**

Harassment is any behaviour that demeans, humiliates or embarrasses a person, and that a reasonable person should have known would be unwelcome. It includes actions (e.g. touching, pushing), comments (e.g. jokes, name-calling), or displays (e.g. posters, cartoons). The company prohibits harassment related to race, national or ethnic origin, colour, religion, age, sex, marital status, family status, disability, pardoned conviction, or sexual orientation.

##### **4.10.2 Sexual Harassment**

Sexual harassment includes unwelcome sexually determined behaviour such as: unwelcome physical contact; a demand or request for sexual favours; sexually coloured remarks; showing pornography and any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.

EASTERN maintains an open door for reportees; encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. The Compliance Committee for the Code of Conduct will enquire into complaints and recommend appropriate action, wherever required.

Employees who believe they have been treated in an improper and offensive manner are expected to communicate to the offending party, as soon as possible, directly or through a supervisor/manager, their disapproval or unease.

- They can get help or guidance from the supervisor or Manager.
- They can expect prompt action if they report an incident of harassment to their supervisor/manager or if necessary, to another appropriate manager.
- They can expect to be treated without fear of embarrassment or reprisal when dealing with a harassment situation or involved in the resolution of a complaint.
- They will be encouraged to participate in a problem resolution process before proceeding with the complaint process.

If you believe that you have been unlawfully harassed, submit a complaint to your own or any other department supervisor. In addition, if you believe you have been sexually harassed, you can submit a complaint to the Compliance Committee for the Code of conduct.

#### **4.11 Health and Safety**

The Company attaches great importance to a healthy and safe work environment. EASTERN is committed to provide good physical working conditions and encourages high standards of hygiene and housekeeping. Particular attention should be paid to training of employees to increase safety awareness and adoption of safe working methods, particularly designed to prevent serious or fatal accidents.

#### **4.12 Environment Policies**

The Company believes that commitment to sustainable development is a key component of responsible corporate citizenship and therefore deserves to be accorded the highest priority. Accordingly, the Company is committed to Best Practices in environmental matters arising out of its business activities and expects each business to fully demonstrate this commitment.

In addition to complying with applicable laws and regulations, Businesses must establish procedures for assessing the environmental effects of their present and future activities. They should adopt Best Practices in their environmental policies and procedures.

#### **4.13 Whistle Blower Policy**

"Whistle Blower" means an Employee making a Protected Disclosure under this Policy.

- Any employee or an associate of Eastern can be a whistle blower in case he / she finds that acts against the code of conduct is being carried out by employees of Eastern.
- The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Ethics Counsellor or the Audit Committee or the Investigators.
- Protected Disclosure will be appropriately dealt with by the Audit Committee.



## 5. **Personal Conduct**

All directors, senior management and employees have the obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Company at all times. They are expected to demonstrate exemplary personal conduct through adherence to the following:

### 5.1 **Avoidance of Conflict of Interest**

All directors, senior management and employees must avoid situations in which their personal interest could conflict with the interest of the Company. This is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflict, if any, or potential conflict must be disclosed to higher management for guidance and action as appropriate.

### 5.2 **Related Party Transactions**

A Senior Management Personnel or any of his relatives/associates should not derive any undue personal benefit or advantage by virtue of his position or relationship with the Company. As a general rule, Senior Management Personnel should avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by law and as per the applicable policies of the Company.

### 5.3 **Insider Trading**



A Senior Management Personnel and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the company, which is not in the public domain and thus constitutes insider information. All the Senior Management Personnel are required to comply with the Company's Code of Conduct on prevention of Insider trading, as given hereunder.

### 5.4 **Employment/ Outside Employment**

In consideration of employment with the Company, all employees are expected to devote their full attention to the business interests of the Company. Employees are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, employees must disclose to the Company any interest that may conflict with the business of the Company. Any employee having any doubt on this requirement should contact their supervisor or the Human Resources Department.

### 5.5 **Transparency and Auditability**

All directors, senior management and employees shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes, including as appropriate, segregation of duties, tiered approval

mechanism and involvement of more than one manager in key decisions and maintaining supporting records. It shall be necessary to voluntarily ensure that areas of operation are open to audit and the conduct of activities is totally auditable.

**5.6 Protection of Confidential Information**

No director, senior management and employee shall disclose or use any confidential information gained in the course of employment/ association with the Company for personal gain or for the advantage of any other person. No information either formally or informally shall be provided to the press, other publicity media or any other external agency except within approved policies.

**5.7 Company Facilities**

No director, senior management and employee shall misuse Company facilities and in disagreement with the policies that are in vogue at relevant times. In the use of Company facilities, care shall be exercised to ensure that costs are reasonable and there is no wastage.

**5.8 Drug and Alcohol Abuse**

To meet our responsibilities to employees, customers and investors, the Company must maintain a healthy and productive work environment. Misusing controlled substances, or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs and alcohol on the job is absolutely prohibited.

**5.9 Dress Code and other Personal Standards**

Because each of us is a representative of the Company in the eyes of the public, we must report to work properly groomed and wearing appropriate clothing. Employees are expected to dress neatly and in a manner consistent with the nature of the work performed. Please follow the Company's Dress code in this regard.

When visiting or working on a client site, employees will adhere to the dress standards maintained at that particular customer site.

**5.10 Leading by Example**

The organisation's directors and senior management set the professional tone for the Company. Through both their words and their actions, the organisation's leadership conveys what is acceptable and unacceptable behaviour. Eastern's directors, senior management and employees must constantly reinforce through their actions and behaviour that Eastern's stated beliefs of responsible corporate citizenship are rooted in individual conviction and personal integrity.

**6. Waivers**

Any waiver of any provision of this Code of Conduct for a director, senior management or employee must be placed for approval before the Company's Board of Directors/ Corporate Management Committee, as appropriate.

**7. Non Adherence**

Any instance of non-adherence to the Code of Conduct / any other observed unethical behaviour on the part of those covered under this Code should be brought to the attention of the immediate reporting authority, who shall in turn report the same to the Head of Corporate Human Resources.

**8. Administration of the Code****8.1 Distribution**

The code of conduct and its updates would be available with the department heads .

All employees of the company, consultant, government official, government employee or any agent who is retained by the company should be oriented to the Code Heads of Departments should ensure that all concerned understand the obligations under it.

The Heads of Departments should make the Code of Conduct available for reference.

**8.2 Approvals**

The appropriate Managers must review and approve in writing any circumstance requiring special permission, as described in the Code. Copies of these approvals should be maintained by the company and made available to auditors or investigating authorities.

Waivers of any provision of this Code must be approved by the Board of Directors or its designated committee.

**8.3 Monitoring Compliance**

Employees must take all responsible steps to prevent a Code violation. Employees should report suspected Code violations to their manager or higher level of management, or to the corporate Legal and Internal Audit Departments.

**8.4 Investigations**

The responsibility for administering the Code, investigating violations of the Code and determining corrective and disciplinary action rests jointly with the EC Committee and HR Department.

**8.5 Disciplinary Actions**

Violations/ Non adherence of this Code of Conduct and Violation / non adherence to all other company policies are liable to attract disciplinary action. The company strives to impose

disciplinary action for each Code and Policy violation that fits the nature and particular facts of the violation.

The company uses a system of progressive discipline. The company generally will issue warnings or letters of reprimand for less significant, first-time offenses. Violations of a more serious nature may result in suspension without pay, demotion, loss or reduction of bonus or option awards, or any combination thereof.

Termination of employment generally is reserved for conduct such as theft or other violations amounting to a breach of trust, or for cases where a person has engaged in multiple violations.

#### **8.6 Signature and Acknowledgement**

All new associates must sign an acknowledgement form confirming that they have read the Code and understand its provisions. Failure to read the Code or to sign an acknowledgement form, however, does not excuse an associate from the terms of this Code.

Administration of the Code is everyone's responsibility. There are colleagues to help you do the right thing. If you act with integrity and seek guidance when you are uncertain, you'll be doing the right thing.

#### **8.7 Annual Affirmation**

All the Senior Management Personnel shall, within 10 days of close of every financial year affirm compliance with the Code. The duly signed Annual Compliance Declaration shall be forwarded to the Compliance Officer of the Company. (Form Attached )

#### **Note :-**

The Compliance Officer

Company Secretary  
Eastern Treads Limited  
3A, 3<sup>rd</sup> Floor, Eastern Corporate Office,  
34/137 E, NH Bypass, Edappally, Kochi,  
Ernakulam - 682 024, Kerala

This Code of Conduct, as adopted by the Board of Directors of the Company on 28/04/2009, and was amended on .....

ANNUAL DECLARATION

I hereby confirm that during the financial year ended March 31,.....

I have not violated nor am I aware of any violation of the Code of Business Conduct & Ethics by any other person to whom the said Code is applicable.\*

I have come across the following instances of violations of the Code:\*

Brief description of the nature of violation	Person Responsible	Date & Mode of intimation to the Compliance Officer

The above declaration is to the best of my knowledge.

Name:..... Designation:.....

Staff No. ....  
(if applicable)

Signature:.....

Date:...../...../.....



Please sign and return this form to the Compliance Officer/Company Secretary.

\* Please tick ' \_ ' against the applicable statement and strike off whichever is not applicable

***These guidelines do not create any contractual rights of any kind between Eastern Treads Limited and its employees. In addition, all employees should understand that these guidelines do not modify their employment relationship whether at will or governed by contract.***

***Eastern Treads Limited reserves the rights to amend or alter these guidelines at any time and for any reason.***

**ACKNOWLEDGMENT ON CODE OF BUSINESS CONDUCT AND ETHICS**

1. I have received and read the Company's Code of Business Conduct and Ethics.
2. I understand the standards and policies contained in the Company Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job.
3. I further agree to comply with the Company Code of Business Conduct and Ethics.
4. If I have questions concerning the meaning or application of the Company Code of Business Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager, the Human Resources Department or the Legal Department, knowing that my questions or reports to these sources will be maintained in confidence.

Signature:.....



Employee Name: .....

Employee Code : ..... Department : .....

Date:.....

Place : .....

Please sign and return this form to the Human Resources Department.

**EASTERN TREADS LIMITED**

Code of Conduct for Prevention of Insider Trading  
[Pursuant to Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992]

**Part of Code of Conducts of the Company as adopted by the Board of Directors at the meeting held on 28/04/2009**

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.

