

# **Code of Conduct for Prevention of Insider Trading**

Code of Conduct to Regulate, Monitor and Report Insider Trading  
&

Code of Practices & Procedures for Fair Disclosures of  
Unpublished Price Sensitive Information

**TARAI FOODS LIMITED**

Regd. Office: 13, HANUMAN ROAD,  
CONNAUGHT PLACE,  
NEW DELHI-110001

**CIN: L15142DL1990PLC039291**

## 1. Background

**“Insider trading”** is the trading of securities of publicly traded company by insider having an access to non-public information about the company or any confidential price-sensitive knowledge and data that can provide an unfair advantage to that insider. Such trading is a civil as well as criminal wrong in violation of the fiduciary or contractual obligations of the insider. It is against the principles of efficient market of the securities of the company and erodes confidence of the investors in the company.

The Securities and Exchange Board of India (SEBI), in its endeavor to regulate, develop the securities market and protect the interest of investors had formulated the SEBI (Prohibition of Insider Trading) Regulations, 1992 (“Regulations 1992”) to provide a fair securities market by prohibiting insider trading. Now the SEBI has revised the regulation by replacing it with the Securities and Exchange Board (Prohibition of Insider Trading) Regulations, 2015 (“Regulations 2015”).

Tarai Foods Limited had in place its Code of Conduct for Prevention of Insider Trading ensuring the compliance of Regulation, 1992.

Accordingly, after notification of Regulation 2015 the Company also replaces its Code of Code of Conduct for Prevention of Insider Trading in compliance with the said regulation by adopting **New Code of Conduct for Prevention of Insider Trading** (“Code of Conduct”) duly approved by the Board of Directors in its meeting held on 30<sup>th</sup> May, 2015.

## 2. New Code of Conduct for Prevention of Insider Trading:

As per Regulation 8 (1) of SEBI Prohibition of Insider Trading Regulations, 2015, every Company whose securities are listed on a Stock Exchange, shall formulate a code of practices and procedures for fair disclosures of Unpublished Price Sensitive Information.

Further, Regulation 9(1) requires every Company whose securities are listed on a Stock Exchange, shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with the Regulation.

Therefore, to comply with the above regulations the Board notifies the Code of Conduct for Prevention of Insider Trading of the Company containing Code of Practices & Procedures for Fair Disclosures of Unpublished Price Sensitive Information & Code of Conduct to regulate, Monitor and Report Insider Trading and shall be effective from its notification.

## 3. Applicability:

The Code is applicable to all Designated / Connected Persons and to the extent specified, to their Immediate Relatives. All Designated / Connected Persons are advised to carefully go through and familiarize themselves with and adhere to the Code.

In case a Designated Person / Connected Person holds Securities jointly with any other person, related or not, such holding will be considered as the holding of the Designated Person. Accordingly, all the provisions of the Code shall be applicable in totality.

#### **4. Definitions**

- a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- b) "Board" means the Securities and Exchange Board of India;
- c) "Board of Directors" means Board of Directors of the Company;
- d) "Company" means 0Tarai Foods Limited;
- e) "Compliance Officer" means the Company Secretary, appointed pursuant to section 2(24) of the Companies Act, 2013 or any other person so designated by the Board of Directors of the Company time to time.
- f) "Connected Person" means:
  - (I) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
  - (II) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
    - (i) an immediate relative of connected persons specified in clause (i); or
    - (ii) a holding company or associate company or subsidiary company; or
    - (iii) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
    - (iv) an investment company, trustee company, asset management company or an employee or director thereof; or
    - (v) an official of a stock exchange or of clearing house or corporation; or
    - (vi) 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

- (vii) 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
  - (viii) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
  - (ix) a banker of the company; or
  - (x) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;
- g) Designated Person: The term “designated person” shall consist of, Connected Persons who are:
- i. Promoters of the Company;
  - ii. Directors of the Company and its subsidiaries;
  - iii. Key Managerial Personnel (KMPs)
  - iv. Managerial Personnel at the level of General Manager and above
  - v. All employees in the Finance and Accounts Department, Corporate Planning Department, Legal Department, Secretarial Department, Information Technology Department;
  - vi. Executive Secretaries of Directors and KMPs and Sr. Officials of the Company;
  - vii. Any other Connected Person designated by the Company on the basis of their functional role;
  - viii. Immediate Relatives of i to vii above;
- h) “Director” shall have the meaning assigned to it under the Companies Act, 2013.
- i) “Generally available information” means information that is accessible to the public on a non-discriminatory basis;
- j) “Insider” means any person who is:
- i) a connected person;
  - ii) Designated Person; or
  - iii) in possession of or having access to unpublished price sensitive information;
- k) “Immediate Relative” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;
- l) “Key Managerial Personnel” shall have the meaning as assigned to it under Section 2(51) of the Companies Act, 2013, as amended;

- m) "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- a) "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- b) "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- c) "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- d) "Trading day" means a day on which the recognized stock exchanges are open for trading;
- e) "unpublished price sensitive information" ("UPSI") means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
- (1) financial results;
  - (2) dividends;
  - (3) change in capital structure;
  - (4) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (5) changes in key managerial personnel; and
  - (6) material events in accordance with the Listing Regulations 2015.

## PART A

### Code of Conduct to Regulate, Monitor and Report Insider Trading

#### 1. RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS BY COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

##### No insider shall:

- i) Communicate, provide, or allow access to any unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- ii) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- iii) Notwithstanding anything contained in this code of conduct, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
  - a. entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
  - b. not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.
- iv) For the purpose of point (iii) above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

#### 2. CHINESE WALL:

To prevent the misuse of confidential information, the Company has laid down Chinese Walls procedures which separate those areas of the Company that routinely have access to confidential information, considered "inside areas" from those which deal with sale/marketing/investment advice or other departments providing support services, considered "public areas".

- (i) The employees in the inside area shall not communicate any Unpublished Price Sensitive Information to anyone in public area.
- (ii) The Company shall have process of maintaining securely, computer files containing confidential information and physical storage of documents relating to UPSI.
- (iii) All the UPSI is to be handled on "need to know basis", i.e., UPSI should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. All the non-public information directly received by any employee should immediately be reported to the head of the department. In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

### **3. PROHIBITION ON INSIDER TRADING**

- (1) An insider shall not trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information, except in the following conditions:
  - a. the transaction is an off-market inter-se transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of this code and both parties had made a conscious and informed trade decision
  - b. in the case of non-individual insiders: –
    - i. the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
    - ii. appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

- c. the trades were pursuant to a trading plan set up in accordance with this code and Regulation 2015.

#### **4. TRADING PLAN**

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

(2) Such trading plan shall:-

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

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

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

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

#### **5. CLOSURE OF TRADING WINDOW**



- (1) The Compliance Officer from time to time shall notify a 'closure of trading window' during which designated persons shall not trade in the Company's securities when the trading window is closed.
- (2) The trading window shall be, inter alia, closed 15 days prior to declaration of financial results and for any other UPSI, the period as may be defined in the listing regulations and / or as may be decided by the KMPs who have been authorised as such by the Board in pursuance of Regulation 30 of Listing Regulations.
- (3) The trading window shall be re-opened 48 hours after the UPSI in question becomes generally available.
- (4) Additionally, the trading window shall be closed in particular for a Designated Person or class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- (5) The trading window 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. SILENT PERIOD**

The Company shall have silent period 15 days prior to release of its financial results every quarter. During the silent period, the Company's authorized spokespersons are not permitted to discuss the financial performance, earnings expectations and any other sensitive business matters with any analysts, institutional investors, key customers, media or public in general. Usually, during silent period the Company should avoid making any major change / developments. The Key Managerial Personnel of the Company are authorised to decide any exceptions in this regard during the quiet period and certain major UPSIs can be notified to the Stock Exchanges. e.g. events / information required to be disclose as per the regulation 30 of the Listing Regulations and Company's Policy for determining materiality of event / information.

## **7. PRE CLEARANCE OF TRADING**

- (1) Designated Persons may trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application as per Annexure 1 and an undertaking as per Annexure 2.
- (2) Such pre-trading approval would be necessary, if the transactions (either single or aggregate) in any financial year exceeds Rs.5,00,000/- or such other amount as may be specified by the Board of Directors from time to time provided the Designated Person is not in possession of UPSI while executing the trade.

- (3) The Compliance Officer shall not approve any application of proposed trade by Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.
- (4) The Designated Person shall, within two days of the execution of the trade, submit the details of such trade to the Compliance Officer as per Annexure 3. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.
- (5) The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve trading by a Designated Person, on the condition that the trade so approved shall be executed within seven trading days following the date of approval.
- (6) If the pre-cleared Trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.
- (7) A Designated Person who trades in securities without complying with the preclearance procedure as envisaged in this code or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the pre-clearance procedure shall be subjected to the penalties as envisaged in this code / Regulations 2015.
- (8) Nothing in this rule shall apply to any trade involving a value less than Rs 5 Lakhs or such other amount as may be specified by the Board of Directors from time to time provided the Designated Person is not in possession of UPSI while executing the trade.
- (9) No Director or Key Managerial Personnel shall enter into derivative transactions in respect of the securities of the Company.

## **8. HOLDING PERIOD**

- (I) The designated persons who are permitted to trade as above shall not enter into a contra trade i.e. sell or buy any number of securities during the next six months following the prior transaction. The designated persons shall also not take positions in derivative transactions in the securities of the Company at any time. The Compliance Officer may be empowered to grant relaxation from strict application of such restrictions for reasons to be recorded in writing provided that such relaxation does not violate the regulations.
- (II) In case a contra trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance

to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the applicable law.

## 9. DISCLOSURES REQUIREMENT

### (1) Initial Disclosures.

- a. Every promoter, key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect in the format set out in **Form A**;
- b. Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter in the format set out in **Form B**;

### (2) Continual Disclosures.

- a. Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10 Lacs (Ten Lakh Rupees) or such other value as may be specified in the format set out in **Form C**;
- b. The Compliance Officer shall notify the particulars of such trading to the stock exchange on which the securities are listed within:
  - i. two trading days of receipt of the disclosure; or
  - ii. from becoming aware of such information.

### (3) Disclosures by other connected persons.

The Compliance Officer may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in Form D and at such frequency as may be determined by the company.

- (4) In addition to the above, all designated person shall forward to the Compliance officer annual statement of all holdings in securities of the Company in Form E within 15 days of the closure of the financial year.

## 10. RECORDS OF DISCLOSURE:

The disclosures received in pursuance of this code of conduct shall be placed before the Board in its next meeting and shall be maintained by the Compliance Officer, for a minimum period of five years.

## **PART B**

### **Code of Practices & Procedures for Fair Disclosures of Unpublished Price Sensitive Information (UPSI)**

The Company:

1. shall make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. shall ensure uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. designates Company Secretary as Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. shall ensure appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
7. shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. shall ensure that all unpublished price sensitive information be handled on a need-to-know basis.

## **11. PENALTY FOR CONTRAVENTION OF THE CODE**

- (1) Every Designated person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions of this Code are applicable to his/her dependents).
- (2) Any Designated person who trades in securities or communicates any information for trading in securities in contravention of this Code shall be penalized and the Company may take appropriate action.
- (3) Designated person who violates the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for the future participation in Employee Stock Option Plans etc.
- (4) The actions taken by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.
- (5) In case it is observed that there has been a violation of the Code of Conduct and Regulations 2015, the Board of Directors of the Company shall report such violation to SEBI promptly.

## **12. MISCELLANEOUS**

- (1) The Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.
- (2) Any amendment to the code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities of the Company are listed.
- (3) The Compliance Officer shall maintain (a) updated list of Designated Persons, (b) records of disclosures and pre-clearance applications and undertakings for a period of five years and (c) a confidential list of any 'restricted securities' to which the Compliance Officer may require Designated Persons to seek pre-clearance before Trading in such 'restricted securities'.
- (4) The Company shall require all Connected Persons to formulate and adhere to a code of conduct to achieve compliance with these Rules. In case such persons observe that there has been a violation of these Rules, then they shall inform the Board of Directors of the Company promptly.
- (5) The Code of Conduct for prevention of insider trading as adopted by the Company shall be available on the Company's website i.e. [www.taraifoods.com](http://www.taraifoods.com)

Annexure 1  
APPLICATION FOR PRE-TRADING APPROVAL

To,  
The Compliance Officer,  
Tarai Foods Limited

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I seek approval to purchase / sell / subscribe \_\_\_\_\_ equity shares of the Company as per details given below:

S.No	Particulars	Details
1	Name of the applicant.	
2	Designation.	
3	Number of securities held as on date.	
4	Folio No. / DP ID / Client ID No.	
5	The proposal is for	a) Purchase of securities b) Subscription to securities c) Sale of securities
6	Proposed date of trading in securities.	
7	Estimated number of securities proposed to be purchased/subscribed/sold.	
8	Current market price (as on date of application)	
9	Whether the proposed transaction will be through stock exchange or off-market trade.	
10	Folio No. / DP ID / Client ID No. where the securities will be credited / debited.	

I enclose herewith the Undertaking signed by me.

Signature: \_\_\_\_\_

Name:

Date:

Annexure 2

UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRECLEARANCE

To,  
The Compliance Officer,  
Tarai Foods Limited

I, \_\_\_\_\_, \_\_\_\_\_ of the Company residing at \_\_\_\_\_, am desirous of trading in \_\_\_\_\_ shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing this Undertaking.

In the event that I have access to or receive any unpublished price sensitive information after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from trading in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Rules as notified by the Company from time to time.

In the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its directors and officers, (the 'indemnified persons') for all losses, damages, fines, expenses, suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defense, crisis management or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.

I undertake to submit the necessary report within two days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the trade within seven days of the receipt of approval failing which I shall seek pre-clearance afresh.

I declare that I have made full and true disclosure in the matter.

Signature : \_\_\_\_\_

Name:

Date :

Annexure 3

DISCLOSURE OF TRANSACTIONS

(To be submitted within 2 days of transaction / trading in securities of the Company)

To,  
The Compliance Officer,  
Tarai Foods Limited

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_ (Date)

(strike out whichever is not applicable)

Name of holder	No. of securities Traded	Bought / sold / subscribed	DP ID/Client ID/Folio No.	Price (Rs.)

I declare that the above information is correct and that no provisions of the Company's Rules and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Signature : \_\_\_\_\_

Name:

Date :