



**EASTERN TREADS LIMITED**

CIN: L25119KL1993PLC007213

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**Code of Conduct to Regulate, Monitor and Report Trading  
by Designated Persons and Immediate Relatives of Designated Persons**

*[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 March 30, 2019)

**Preamble**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (hereinafter referred to as the 'Regulations'), Regulation 9 as amended, mandates the listed Companies to frame a Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Immediate Relatives of Designated Persons towards achieving compliance with the Regulations. The objective of the Code is to prevent dealing in securities of the Company by such designated persons either on his own behalf or on behalf of any other person, on the basis of unpublished price sensitive information.

Accordingly, the Code of Conduct for Prevention of Insider Trading as originally adopted by the Company with effect from 28<sup>th</sup> April 2009 under SEBI (Prohibition of Insider Trading) Regulations, 1992, The Code was replaced by New Code effective from 15<sup>th</sup> May 2015, which was subsequently amended on November 13, 2015, has been amended and adopted by the Board of Directors of the Company on March 30, 2019.

**Applicability**

This Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Immediate Relatives of Designated Persons is applicable to all designated persons and immediate relative of designated person. This amended Code shall be applicable with effect from April 1, 2019.

**Obligations**

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every Promoter, Director, Key Managerial Personnel, Employee of the Company, any connected person and designated persons along with their immediate relatives has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the company. No such person may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

To achieve the objectives of this Code, the Company hereby notifies that this code of conduct shall be followed by all promoters, directors, key managerial personnel, employees, connected persons and designated persons along with their immediate relatives.

## Part A

### 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 to Regulate, Monitor and Report Trading by the Designated Persons and Immediate relatives of Designated Persons, as modified from time to time. Any subsequent modification(s) / amendment(s) to SEBI (Prohibition of Insider Trading) Regulations, 2015, shall automatically apply to this Code.
4. **"Company"**, **"This Company"** or **"The Company"**, wherever occur in the policy shall mean "Eastern Treads Limited".
5. **"Compliance Officer"** means 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
  - a. by reason of frequent communication with its officers or
  - b. by being in any contractual, fiduciary or employment relationship or
  - c. by being a Director, Officer or an employee of the Company or
  - d. holds any position including a professional or business relationship between himself and the Company whether temporary or permanent,
7. Persons in contractual, fiduciary or advisory relationship with the Company i.e. consultants, retainers, auditors, law firms, analysts etc. that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
8. **"Deemed Connected Person"** means the persons falling within the following categories unless the contrary is established,
  - a. Immediate relative of Connected Persons
  - b. Holding Company or Associate Company or Subsidiary Company
  - c. Intermediary as specified in Section 12 of the Act or an Employee or Director thereof
  - d. Investment Company, Trustee Company, Asset Management Company, Employee or Director thereof
  - e. Official of a Stock Exchange or of Clearing House or Corporation
  - f. 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
  - g. 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
  - h. Official or an employee of a self-regulatory organization recognized or authorized by the Board
  - i. Banker of the company

- j. 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;
9. **“Designated Person”** means a person occupying any of the following positions in the Company:
- Board of Directors of the Company;
  - Chief Executive Officer (CEO) and employees of the company up to 2 levels below CEO level of the Company; Key Managerial Personnel (KMP’s) as per Companies Act, 2013
  - all the employees in Accounts, Finance, legal and Secretarial department;
  - All its promoters and promoters group;
  - All employees who have access to possession of Unpublished Price Sensitive Information.
  - Any other employee as may be determined and informed by the Compliance Officer from time to time;
  - Employees of Material Subsidiary companies of listed company designated as Manager and above;
  - Other persons as designated by the Board of Directors in consultation with Compliance Officer of the Company, from time to time; and
  - Immediate relative of (a) to (h) above and have access to UPSI.
10. **“Director”** means a member of the Board of Directors of the Company from time to time.
11. **“Employee”** means every employee of the Company including the Directors in the whole time employment of the Company.
12. **“Generally available information”** means information that is accessible to the public on a non-discriminatory basis.
13. **“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.
14. **“Insider”** means any person who is,
- a connected person; or
  - in possession of or having access to unpublished price sensitive information;

*Explanation: As per Reg 3 (2B) of the regulation, any person who is in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations*

15. **“Legitimate purpose”** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.
16. **“Officer of the Company”** means any person as defined under Section 2 (59) of the Companies Act, 2013 including an auditor of the company. Section 2(59) of the Companies Act, 2013 provides that “Officer of a Company” includes any director, manager or key managerial

personnel or any person in accordance with whose directions or instructions the Board of directors or any one or more of the directors is or are accustomed to act.

17. **“Price Sensitive Information”** means any information that relates directly or indirectly to Company and securities and which, if published, is likely to materially affect the price of securities of Company.

The following shall be deemed to be included but not restricted to as **“price sensitive information”**:

- a) Periodical Financial Results of the Company
  - b) Intended declaration of dividend (both interim and final, if any)
  - c) Issue of securities (by way of Public/ Rights/ Bonus etc.) or Buy-back of securities or any change in capital structure.
  - d) Any major expansion plans or execution of new projects.
  - e) mergers, de-mergers, acquisitions, De-listings, disposals and expansion of business and such other transactions
  - f) Disposal of whole or substantial part of the undertaking
  - g) changes in key managerial personnel
  - h) Any Significant changes in plans or operations of the Company;
18. **“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, 2018 and as amended from time to time.
19. **“Regulations”** mean the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
20. **“Securities”** shall have the same meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 or any modification thereof except units of a mutual fund;
21. **“Stock Exchange”** shall mean BSE Limited and any other stock exchange(s) on which the securities of the Company are listed for the time being.
22. **“Takeover Regulations”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
23. **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe such as pledging, buy, sell, deal in any securities of the Company and “trade” shall be construed accordingly.
24. **“Trading Day”** means a day on which the recognized stock exchanges are open for trading;
25. **“Trading Window”** means trading period for trading in the Company’s Securities. All days shall be the trading periods except when trading window is closed.
26. **“Unpublished Price Sensitive Information (UPSII)”** defined as 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 the items as enumerated in “Price Sensitive information”.

Words and expressions used and not defined in these regulations but defined in the SEBI Act, 1992, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act,

2013 (as amended from time to time) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

## **Part B**

### **1. Compliance Officer & His Role**

The Company has appointed the Company Secretary as Compliance Officer who shall administer the code of conduct and other requirements under these regulations, subject to guidance of the Chairman and the Board of Directors. The Compliance Officer shall

1. Report to the Board of Directors and in particular, to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at the end of every quarter at the immediately held meeting of the Audit Committee and Board in respect of trading in securities of the Company the Designated persons, the trading plans and pre-clearance as approved by the Compliance Officer.
2. responsible for setting policies, procedures, 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.
3. Ensure the compliance of policies and procedures and maintenance of records;
4. Monitor adherence to the Rules for the preservation of Unpublished price Sensitive Information.
5. Maintain records of the Designated Persons and any change made in the list of Designated Persons.
6. Assist/ clarify all the designated persons in addressing any clarifications regarding the SEBI (Prohibition of Insider Trading) Regulations, 2015 and this code.
7. Discharge other functions and duties as prescribed in the Code.

### **2. Responsibility of Managing Director / Chief Executive Officer**

The Managing Director / Chief Executive Officer of the Company shall formulate/amend this Code with the approval of the Board of Directors of the Company to regulate, monitor and report trading by its designated persons and their Immediate relatives towards achieving compliance with SEBI (Prohibition on Insider Trading) Regulations, 2015 ("PIT Regulations"), adopting the minimum standards set out in Schedule B of PIT Regulations, as may be amended from time to time, without diluting the provisions of its regulations in any manner.

### **3. Determination of Designated Persons**

The Board of Directors shall in consultation with the Compliance Officer of the Company, shall determine the list of designated persons on the basis of their role and function in the organization and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation, who shall be covered by this Code.

### **4. Applicability of this Code**

This Code is applicable to the designated persons as may be specified by the Board of Directors and immediate relatives of such designated persons.

## 5. **Preservation of "Unpublished Price Sensitive Information"**

All information shall be handled within the company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

## 6. **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 duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.

### **Limited access to confidential information**

Files containing confidential information shall be kept secured. Computer files must have adequate security of login and password, etc. Files containing confidential information should be deleted / destroyed after its use. Shredder should be used for the destruction of physical files.

## 7. **Restrictions on Communication and Trading by Insiders**

- a. No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a 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.
- b. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- c. Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–
  - i) 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;
  - ii) 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.
- d. For purposes of the above sub-clause (c), the board of directors shall require the parties to execute agreements / Memorandum of Understanding to ensure confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so

received confidential, except for the purpose of sub-clause (c), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

#### 8. Trading when in possession of unpublished price sensitive information.

- a) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

*Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

- i) the transaction is an off-market *inter-se* transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of Regulation 3 (3) of SEBI (Prohibition of Insider Trading) Regulations, 2015 and both parties had made a conscious and informed trade decision;

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.

- ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of Regulation 3 of SEBI (Prohibition of Insider Trading) Regulations, 2015 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under Regulation 3 (3) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

- (a) the transaction was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (b) the transaction was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- (c) in the case of non-individual insiders: –
1. 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
  2. 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;
- iii) the trades were pursuant to a trading plan set up in accordance with Clause 9 of this Code.

- b) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

#### 9. Trading Plans

- a) 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.
- b) Such trading plan shall:–
- (1) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
  - (2) 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 Company and the second trading day after the disclosure of such financial results;
  - (3) entail trading for a period of not less than twelve months;
  - (4) not entail overlap of any period for which another trading plan is already in existence;
  - (5) 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
  - (6) not entail trading in securities for market abuse.
- c) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

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

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

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

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of Regulation 4(1) of the SEBI ((Prohibition of Insider Trading) Regulations, 2015.

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

#### 10. Trading Restrictions



All directors, key managerial personnel and designated persons of the Company and immediate relatives of designated persons shall be subject to trading restrictions as enumerated below :-

### **Trading Window**

The period prior to declaration of unpublished price sensitive information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Directors, Key Managerial Personnel and Designated Persons will, during that period, often possess unpublished price sensitive information.

During such sensitive times, the Directors, Key Managerial Personnel and Designated Persons of the Company and their immediate relatives will have to forego the opportunity of trading in the Company's securities.

The Directors, Key Managerial Personnel and Designated Persons of the Company and their immediate relatives shall not deal in the securities of the Company when the trading window is closed. The period during which the trading window is closed shall be termed as prohibited period.

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.

- a) The trading window shall be, inter alia, closed at the time of :-
- 1) Declaration of Financial results
  - 2) Declaration of dividends
  - 3) Issue of securities.
  - 4) Any major expansion plans or execution of new projects
  - 5) Amalgamation, mergers, takeovers and buy-back
  - 6) Disposal of whole or substantially whole of the undertaking
  - 7) Any changes in policies, plans or operations of the Company disruption of operations due to natural calamities;
  - 8) Commencement of any new commercial operations where the contribution therefrom is likely to exceed 5% of the total turnover of the Company during that financial year;
  - 9) Developments with respect to changes in pricing / realisation on services arising out of changes in government policy;
  - 10) Litigation / dispute with a material impact;
  - 11) Revision of credit ratings assigned to any debt or equity instrument of the Company;
  - 12) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;
- b) The Compliance Officer shall also close the trading window when he 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.
- c) The trading window shall be opened 48 (Forty Eighty) hours after the unpublished price sensitive information becomes generally available.

- d) Trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results.
- e) The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.

#### 11. Pre-clearance of trades

- a) All Directors, Key Managerial Personnel and Designated Persons of the Company who intend to deal in the securities of the Company during the period when the trading window is open, in excess of **10000** equity shares in number shall pre-clear the transactions as per the pre-dealing procedure as described hereunder.
- b) An application for pre-clearance of trade may be made in **Form 'PCT'** (Annexure 1) to the Compliance Officer.
- c) 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.
- d) The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
- e) 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.
- f) The Compliance Officer shall on receiving an application provide the Director, Officer, Designated Employee with an acknowledgement on the duplicate of the application.
- g) The Compliance Officer shall grant approval within 2 days from the date of acknowledgement.
- h) The Compliance Officer shall retain copies of all applications and acknowledgements.
- i) In exceptional circumstances consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price sensitive information. There shall be no obligation to give reasons for any withholding of consent.
- j) If so requested by the Compliance Officer, Director, Officer, Designated Person must ensure that his stockbroker is authorised to disclose to the Company all matters relevant to his share dealings.
- k) The designated person who is permitted to trade shall not execute a contra trade within a period of six months. The compliance officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing in this regard provided that such relaxation does not violate these regulations. An application for the same shall be made to the Compliance Officer. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

## 12. Reporting Requirements for transactions in securities

### 1) Initial Disclosures

- a. All the Promoters, Key Managerial Personnel and Directors are required to send the details of their holdings in securities of the Company presently held by them including the statement of holdings of immediate relative(s) and by any other person for whom such person takes trading decisions, in the form prescribed by SEBI (in Form A, Annexure 5) within 30 (thirty) days of this Code becoming effective.
- b. Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group, shall disclose his holding of securities of the company as well as holding by such person's immediate relative(s) and by any other person for whom such person takes trading decisions, as on the date of appointment or becoming a promoter, to the company within 7 (seven) days of such appointment or becoming a promoter in the form prescribed by SEBI (in Form B, Annexure 6).

### 2) Continual Disclosures

- a. Every promoter, member of the promoter group, designated person and director of the Company including the immediate relative(s) and by any other person for whom such person takes trading decisions 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 Lakhs (ten lakh rupees) or such other value as may be specified by the Board from time to time in Form C (Annexure 7).
- b. The Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

*Explanation. — The disclosure of the incremental transactions after any disclosure under this sub-clause, shall be made when the transactions effected after the prior disclosure cross the threshold specified in sub-clause (1) of clause 9.(b).*

- c. Disclosures by other connected person: The Company may at its discretion 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 (Annexure 8) in such form and at such frequency as may be determined by the company in order to monitor compliance with these Regulations.

- 3) Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

*Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.*

#### 4) Records of disclosures received by the Company

The Compliance officer shall maintain records of all the disclosures, declarations in the appropriate form given by the Promoters, Directors, Key Managerial Personnel, Designated Persons for a minimum period of five years.

The Compliance officer shall place before the Chairman / Managing Director, all the details of the dealing in the securities by the Promoters, Directors, Key Managerial Personnel, Designated Persons of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code, upon the receipt of the same.

### 13. Penalty

#### 1) Penalty for Non-compliance

Any insider who trades in securities in contravention of the provisions of this Code or the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 shall be guilty of insider trading and shall be inter-alia liable for punishment and penalty as mentioned in this Code and the Securities & Exchange Board of India Act, 1992, as mentioned below.

#### 2) Penalty for Non-compliance with the Code of Conduct

Any employee / officer / Director / Connected person / Designated person and their immediate relatives who trades in securities or communicates any information for trading in securities, in contravention of the code of conduct may be penalised and appropriate action may be taken by the Company.

Categories of Non-Compliances	Penalty may be imposed / disciplinary actions may be taken
<p><u>Procedural Non Compliances:</u></p> <p>a) Executing transaction after expiry of 7 (Seven) days from date of pre-clearance.</p> <p>b) Non reporting of completion of transaction after pre-clearance.</p> <p>c) Non reporting of transactions aggregating to Rs.10,00,000/- (Rupees Ten Lakh Only) per calendar quarter (such transaction should not be based on UPSI and should not be undertaken during trading window closure periods).</p>	<p>a. Written warning notice for first instance of non-compliance.</p> <p>b. For second repeated act - Rs.10,000/- (Rupees Ten Thousand Only) minimum and up to Rs.25,000/- (Rupees Twenty Five Thousand Only) for third repeat non-compliance.</p> <p>c. Beyond third repeated act of non-compliance, it would be treated as substantive non-compliance resulting in such action the Board may deem fit, which may include suspension, freeze on increment / promotion, demotion, employment termination, recovery, clawback as deemed appropriate.</p>

<u>Substantive Non Compliances:</u>	
a) Trading in ETL Securities during trading window closure period	Any of the following or combination thereof depending on the severity of the case: a) If the gain or loss avoided is less than Rs.10,000/- (Rupees Ten Thousand Only), the penalty is Rs.10,000/- (Rupees Ten Thousand Only). b) If the gain or loss avoided is more than Rs.10,000/- (Rupees Ten Thousand Only), twice the actual gain made or loss avoided c) Such action the Board may deem fit which may include suspension, freeze on increment / promotion, demotion, employment termination, recovery, claw back.
b) Dealing in ETL Securities without obtaining pre-clearance	
c) Undertaking opposite transactions / derivative transactions	
d) Passing on price sensitive information or making recommendations directly or indirectly for dealing in securities on the basis of such information	

*Notes:*

- a. *The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 2015.*
- b. *In case it is observed by the Compliance Officer that there has been a violation of the Regulations, SEBI shall be informed by the Company.*
- c. *The Board or the Compliance Officer may decide the penalty within the above framework by taking into consideration the factors such as knowledge of price sensitive information, level of management responsibility of the individual concerned, number of securities transacted, whether the breach occurred as a result of deliberate intent or not, etc.*
- d. *Penalties recovered as per framework will be remitted to SEBI Investor Protection and Education Fund account.*

### 3) Penalties for Non-compliance with Securities & Exchange Board of India Act, 1992

Chapter VI A provides for various penalties, extracts of which are:

15A. If any person, who is required under this Act or any rules or regulations made thereunder -

- (a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;
- (b) to file any return or furnish any information, books or other documents within the time specified therefore in the regulations, fails to file return or furnish the same within the time specified therefore in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;
- (c) to maintain books of accounts or records, fails to maintain the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

15G. If any insider who -

- (i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price sensitive information; or
- (ii) communicates any unpublished price sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or
- (iii) counsels, or procures for any other person to deal in any securities of anybody corporate on the basis of unpublished price sensitive information, shall be liable to a penalty twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

24. (1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

- (2) If any person fails to pay the penalty imposed by the Adjudicating Officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month, but which may extend to ten years or with fine, which may extend to twenty-five crore rupees or with both.

Without prejudice to the directions under regulation 11, if any person violates provisions of these regulations, he shall be liable for appropriate action under Sections 11, 11 B, 11D, Chapter VIA and Section 24 of the Act.

#### **14. Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015**

In case it is observed by the Company and / or Compliance Officer that there has been a violation of these Regulations, SEBI shall be informed promptly by the Company.

#### **15. General**

Employees are advised to pursue the Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, and acquaint themselves with all the provisions.

Subsequent modification(s) / amendment (s) to SEBI (Prohibition of Insider Trading) Regulations, 2015 shall automatically apply to this Code.

Ernakulam  
30<sup>th</sup> March, 2019

Managing Director

#### **Note:**

- ☞ *The Code was originally adopted by the Company w.e.f. 28/04/2009 {under SEBI (Prohibition of Insider Trading) Regulations, 1992}*
- ☞ *The New Code was adopted on April 28, 2015 – Under SEBI (Prohibition of Insider Trading) Regulations, 2015*
- ☞ *The New Code was Amended on November 13, 2015*

**Form PCT**

Date:

To,  
 The Compliance Officer  
 Eastern Treads Limited  
 3A, 3rd Floor, Eastern Corporate Office,  
 34/137 E, NH Bypass, Edappally, Kochi,  
 Ernakulam - 682 024, Kerala

**Sub: Application for pre-clearance of trade in securities of Eastern Treads Limited**

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated persons & immediate relative of designated person and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, I seek approval for purchase/sale of \_\_\_\_\_ Equity Shares of Eastern Treads Limited as per the details given below:

Name	:					
Designation, Department & Employee Code	:					
PAN	:					
DPID-Client Id & Details of Depository	:					
Name(s) of Account Holder(s)	:					
Relation with Designated Employee	:					
No of securities held (including those held by immediate relatives) before proposed Transaction	:					
Reason for proposed Transaction	:					
Nature of Transaction (Buy/Sell)	Name of the Proposed Buyer/Seller	No. & Value of Equity shares	Date of Purchase/ Sale	Previous approval No. for Purchase/ allotment)	DP ID/ folio No. where the securities will be credited/ Debited	No. of Shares held in such account/ Folio No.

I hereby declare that I will deal the shares only through recognized stock exchanges where the company's shares are listed. I also declare that I will not undertake off market transactions in any circumstances.

I enclose herewith the form of Undertaking signed by me.

Yours faithfully,

(Signature of Applicant)  
 Employee code & Name



### UNDERTAKING

#### To be Accompanied with the Application for Pre-Dealing Shares

*(applicable to applicable to Director/ Officer/ Designated Person/ Immediate Relative/employee)*

To,  
The Compliance Officer  
Eastern Treads Limited  
3A, 3rd Floor, Eastern Corporate Office,  
34/137 E, NH Bypass, Edappally, Kochi,  
Ernakulam - 682 024, Kerala

I, .....aged about .....years, Son of..... working in the capacity of ..... (as Designated Person) in Eastern Treads Limited (hereinafter referred to as 'Company')/ Immediate Relative of ....., residing at ..... am desirous of trading in ..... shares of the Company as mentioned in my application dated ..... for pre-clearance of the transaction do hereby solemnly declare and undertake as under:

1. I am not in possession of or otherwise privy to any unpublished Price Sensitive Information as defined in the Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated persons & immediate relative of designated person and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information up to the time of signing this undertaking.
2. In the event that I have access to or receive any unpublished 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.
3. In case I have access to or I receive any Price Sensitive Information after signing this Undertaking but before execution of the transaction for which approval is sought, I shall inform the Compliance Officer of the change in my position and I would and ensure that my Dependents would completely refrain from Dealing in the Securities of the Company till the time such Price Sensitive Information becomes public and I shall not communicate, counsel or procure directly and indirectly any unpublished Price Sensitive Information to any third person and I shall keep the confidential information which is in my possession secured.
4. 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. I have not contravened the Code as notified by the Company. 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, define, 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.

5. I shall submit the necessary report within two days of execution of the transaction/ a 'NIL' report of the transaction is not undertaken.
6. If the approval is granted, I shall execute the trade within seven Trading days of the receipt of approval failing which I shall seek pre-clearance afresh.
7. I declare that I have made full and true disclosure in the matter.

Date:  
Place

(Signature of Applicant)  
**Employee code and Name**

### FORMAT FOR DISCLOSURE OF TRANSACTIONS

(To be submitted within Two (2) working days of transaction/Dealing in Securities of the Company)

Date: .....

To,  
The Compliance Officer  
Eastern Treads Limited  
3A, 3rd Floor, Eastern Corporate Office,  
34/137 E, NH Bypass, Edappally, Kochi, Ernakulam - 682 024, Kerala

Dear Sir,

**Ref: Details of Transaction undertaken Designated Person .....  
(Position)/ Immediate Relative of ..... as per letter No. .... Dated .....**

I/ we hereby inform you that I / my dependent

- have not bought/sold any Securities of the Company due to .....
- have bought/sold ..... Equity shares as mentioned below on ..... (date)

Name of Holder	No. of Equity dealt with	Bought / Sold	DP ID / Client ID or Folio No. where the Equity will be debited or credited	Price (Rs.)

In connection with the aforesaid transaction(s), I/ we hereby undertake to preserve for a period of 3(three) years and produce to the Compliance Officer/ SEBI any of the following documents:

1. Broker's Contract Note,
2. Proof of payment to/from brokers
3. Extract of Bank passbook/statement (to be submitted in case of de-mat transactions)
4. Copy of Delivery instruction slip (applicable in case of sale transaction)

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

I/ we declare that I/We shall not enter into a contra trade\*\* in the Securities of the Company during the next 6 months following the last trade.

Yours truly,

Signature:  
Name:  
Employee Code:  
Dept/Div:

**\*\* Contra trade means if you buy shares on particular you cannot sell any shares of the company for next six months from the last purchase and vice versa**

**ANNUAL DISCLOSURE**  
By The Promoter/ Designated Person and their Immediate Relative

Date:

To,  
The Compliance Officer  
Eastern Treads Limited  
3A, 3rd Floor, Eastern Corporate Office,  
34/137 E, NH Bypass, Edappally, Kochi, Ernakulam - 682 024, Kerala

Dear Sir,

I, ..... hereby declare that I shall maintain full confidentiality of all Price Sensitive Information (the "PSI") coming within my possession and/or control

I, as a specified person under SEBI (Prohibition of Insider Trading) Regulations, 2015, shall comply with the confidentiality obligation and shall not

1. pass on PSI to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of Eastern Treads Limited or
2. disclose PSI to their family members, friends, business associates or any other individual or
3. discuss PSI in public places or
4. disclose PSI to any employee who does not need to know the information for discharging his or her duties
5. recommend to anyone that they may undertake Dealing in Securities of the Company while being in possession, control or knowledge of PSI or
6. be seen or perceived to be Dealing in Securities of Eastern Treads Limited on the basis of unpublished PSI

As on ....., I along with my dependents\* hold the securities of Eastern Treads Limited, details whereof are as under:

PAN	Name of the Holder	Physical Holding		Electronic Holding		
		Folio No.	Shares Held	DP ID	Client ID	Shares held

Yours truly,

Signature :

Name :

Employee Code :

Dept./Div :

**FORM A**  
**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (a) read with Regulation 6(2) – Initial Disclosure to the Company]**

Name of the company: EASTERN TREADS LTD

ISIN of the company: INE500D01015

**Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relative to / others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Share holding
			Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future contracts held as on date of regulation coming to force			Open Interest of the Option Contracts held as on date of regulation coming to force		
Contract specifications	Number of units (contracts* lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

**FORM B**  
**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a**  
**director/KMP/Promoter]**

Name of the company: EASTERN TREADS LTD

ISIN of the company: INE500D01015

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relative to / others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts* lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

## FORM C

**SEBI (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]**

Name of the company : EASTERN TREADS LIMITED

ISIN of the company : INE500D01015

**Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/KMP / Directors/ immediate relative to/others etc.)	Securities held prior to acquisition/ disposal		Securities acquired/Disposed			Securities held post acquisition/ disposal		Date of allotment advice / acquisition of shares/ sale of shares specify	Date of intimation to company	Mode of acquisition / disposal
		Type of security	No. and % of Shareholding	Type of security	No.	Value in Rs.	Transaction Type	Type of security			

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).-**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	

Date:  
Place:

Name & Signature:  
Designation:

**FORM D****SEBI (Prohibition of Insider Trading) Regulations, 2015****[Regulation 7 (3) – Transaction by Other connected persons as identified by the Company]**

Name of the company : EASTERN TREADS LIMITED

ISIN of the company : INE500D01015

**Details of Trading in Securities by Other connected persons as identified by the Company**

Name, PAN, CIN/DIN & address with contact nos. by Other connected persons as identified by the Company	Connection with the Company	Securities held prior to acquisition/ disposal		Securities acquired/Disposed				Securities held post acquisition/ disposal		Date of allotment advice / acquisition of shares/ sale of shares specify	Date of intimation to company	Mode of acquisition / disposal
		Type of security	No. and % of Shareholding	Type of security	No.	Value in Rs.	Transaction Type	Type of security	No. and %of Share-holding			

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of trading in derivatives by Other connected persons as identified by the Company**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	

Date:  
Place:Name & Signature:  
Designation: