

# WARREN TEA LIMITED

## CODE OF CONDUCT AND FAIR DISCLOSURE

The Code of Conduct and Fair Disclosure had been framed pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations'). The Regulations have since undergone amendments and this Code seeks to address the amended provisions and is in supersession of the earlier one and shall be applicable from 1<sup>st</sup> April, 2019.

The purpose of this Code is to formulate:

- (i) A Code of Conduct to regulate, monitor and report trading by designated persons and their immediate relatives towards achieving compliance with the Regulations; and
- (ii) A Code of Practice and Procedure for Fair Disclosure of unpublished price sensitive information that would be followed by the Company in order to adhere to the principles set out in the Regulations.
- (iii) A Policy for Determination of Legitimate Purposes as a part of this Code.

Words and expressions used and not defined here but defined in the SEBI (Prohibition of Insider Trading) Regulations 2015, shall have the meanings assigned to them in those Regulations.

### 1. Role of Compliance Officer

1.1 The Compliance Officer means the Company Secretary who shall report to the Board of Directors of the Company ('the Board') and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board at such frequency as may be stipulated by the Board.

1.2 The Compliance Officer shall assist all employees in addressing any clarifications regarding the Regulations and this Code.

## **2. Determination of Legitimate Purposes**

The objective is to regulate and monitor communication of Unpublished Price Sensitive Information ('UPSI') for legitimate purposes and with a view to ensuring that such information is not misused by the recipients thereof.

Such purposes means any purpose which is in the best interest of the Company or in furtherance thereof, in connection with including but not limited to the following :

- i) Preparation of financial statements.
- ii) Compliance /fulfillment of any statutory obligations/requirements.
- iii) Furnishing information to any statutory authority.
- iv) Availing/renewal of any financial facility or credit rating.
- v) Corporate Action e.g. acquisitions, disposals, restructuring (including merger/demerger).
- vi) Change in Capital Structure.
- vii) Fulfilling Contractual Obligations.
- viii) Changes in Key Managerial Personnel.

It is intended that sharing of information for legitimate purposes shall necessarily be in the ordinary course of business only with those with whom such sharing is necessary for bona fide statutory/contractual/business purposes.

## **3. Preservation of Price Sensitive Information**

3.1 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 the insider's legitimate purposes, performance of duties or discharge of his legal obligations.

Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the Takeover Regulations where the Board is of informed opinion that sharing of such information is in the best interests of the Company; or

- not attracting the obligation to make an open offer under the Takeover Regulations but where the Board is of informed opinion that sharing of such information 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 may determine to be adequate and fair to cover all relevant and material facts.

Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose is required to maintain confidentiality of such information. However, the Board 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, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information

### 3.2 Need to Know:

- (i) "need to know" basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company or connected therewith 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.
- (ii) All non-public information directly received by any employee should immediately be reported to the Compliance Officer.

### 3.3 Limited access to confidential information

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

### 3.4 Code of Conduct

The Board of Directors shall specify the designated persons to be covered by the Code of Conduct 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 and shall include :-

- (i) Employees of the Company or fiduciaries designated on the basis of their functional role or access to unpublished price sensitive information in the organization;

- (ii) All promoters of the Company ;
- (iii) Chief Executive Officer and employees upto two levels below Chief Executive Officer of the Company, irrespective of their functional role in the Company or ability to have access to unpublished price sensitive information;
- (iv) Any support staff of the Company who have access to unpublished price sensitive information.

#### **4. Prevention of misuse of Unpublished Price Sensitive Information**

Designated persons and their immediate relatives shall be governed by an internal code of conduct governing dealing in securities.

##### 4.1 Trading Plan

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

##### 4.2 Trading Plan shall:

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

4.3 The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be

necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

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

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

4.4 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 at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

4.5 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

## **5. Trading Window and Window Closure**

- 5.1 (i) The trading period, i.e. the trading period of the stock exchanges, called 'trading window', is available for trading in the Company's securities.
- (ii) The trading window shall be, inter alia, closed not less than 7 days prior to and during the time the unpublished price sensitive information is published.
- (iii) When the trading window is closed, the Specified Persons shall not trade in the Company's securities in such period.
- (iv) All Specified Persons shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods

when the trading window is closed, as referred to in (ii) above or during any other period as may be specified by the Company from time to time.

- (v ) 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 is closed.

5.2 The Compliance Officer shall intimate the closure of trading window to all the designated persons of the Company 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.

5.3 The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.

## **6 Pre-clearance of trades**

6.1 All Designated Persons, who intend to deal in the securities of the Company when the trading window is opened and if the value of the proposed trades is above 50,000 shares or up to Rs. 10 Lakhs (market value) or 1% of total shareholding, whichever is less, should pre-clear the transaction. The pre-dealing procedure shall be hereunder:

- (i) An application may be made in the prescribed Form (Annexure 1) to the Compliance Officer indicating the estimated number of securities that the Designated Person intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the Company in this behalf.
- (ii) An undertaking (Annexure 2) shall be executed in favour of the Company by such Designated Person incorporating, *inter alia*, the following clauses, as may be applicable:

- (a) That the Designated Person does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.
  - (b) That in case the Designated Person 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.
- (iii) All Designated Persons shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. The Designated Person shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed.
- (iv) If the order is not executed within seven days after the approval is given, the Designated Person must pre-clear the transaction again.
- (v) All Designated Persons 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 Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time. In case of any contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

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

- (vi) The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.

## **7 Other Restrictions**

- 7.1 The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- 7.2 The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.
- 7.3 The disclosures made under this Code shall be maintained for a period of five years.

## **8 Reporting Requirements for transactions in securities**

### **Initial Disclosure**

- 8.1 Every promoter, member of the promoter group, key managerial personnel and director of the Company, within thirty days of the Regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the prescribed Form.
- 8.2 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.

### **Continual Disclosure**

Every promoter, designated person and director of the 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. Ten lakhs.

The disclosure shall be made within 2 working days of:

- (a) the receipt of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be.

## **9. Disclosure by the Company to the Stock Exchange(s)**

9.1 Within 2 days of the receipt of intimation of disclosure, the Company shall disclose to all Stock Exchanges on which the Company is listed, the information received.

9.2 The 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 five years.

## **10. Dissemination of Price Sensitive Information**

10.1 No information shall be passed by Designated Persons by way of making a recommendation for the purchase or sale of securities of the Company.

10.2 Disclosure/dissemination of Price Sensitive Information with special reference to analysts, media persons and institutional investors:

The following guidelines shall be followed while dealing with analysts and institutional investors :

- Only public information to be provided.
- At least two Company representatives be present at meetings with analysts, media persons and institutional investors.
- Unanticipated questions may 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.
- Simultaneous release of information after every such meet.

## **11. Mechanism for Prevention of Insider Trading**

(1) The Chief Executive Officer/ Managing Director of the Company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these Regulations to prevent Insider Trading.

(2) The internal controls shall include the following :

(a) all employees who have access to unpublished price sensitive information are identified as Designated Persons;

(b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these Regulations;

- (c ) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these Regulations;
  - (d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
  - (e) all other relevant requirements specified under these regulations shall be complied with;
  - (f) periodic process review to evaluate effectiveness of such internal controls.
3. The Board of Directors of the Company and shall ensure that the Chief Executive Officer or the Managing Director ensures compliance with this Code.
4. The Audit Committee of the Company shall review compliance with the provisions of these Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

## **12. Penalty for contravention of the code of conduct**

- 12.1 Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).
- 12.2 Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalised and appropriate action may be taken by the Company.
- 12.3 Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, ineligibility for future participation in employee stock option plans, etc.

12.4 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.

### **13. Fair Disclosure**

A Code of Practices and Procedures for Fair Disclosure of unpublished price sensitive information for adhering to each of the principles is set out below:

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

(approved by the Board of Directors at  
the Meeting held on 28.3.2019)