

**CODE OF CONDUCT  
TO REGULATE INSIDER TRADING  
AND  
CODE OF FAIR DISCLOSURE**

**CHAPTER – I**

**PRELIMINARY**

**Introduction**

1. This Code under the SEBI (Prohibition of Insider Trading) Regulations, 2015 shall be effective from May 15, 2015.

**Definations**

2. In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:-
  - a) "Act" means the Securities and Exchange Board of India Act, 1992;
  - b) "Board" means the Board of Directors of the Company;
  - c) (i) "Company" means High Ground Enterprise Limited  
(ii) "Compliance Officer" means the Company Secretary of the Company, designated so and, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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 or the head of the Company, as the case may be;
  - d) "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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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, -

- (a) an immediate relative of connected persons specified in clause (i); or
  - (b) a holding company or associate company or subsidiary company; or
  - (c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
  - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) a member of the board of directors or an employee, of a public financial institution as defined in Section 2(72) of the Companies Act, 2013; or
  - (h) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
  - (i) a banker of the Company; or
  - (j) a concern, firm, trust, Hindu Undivided Family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest;
- (e) "Designated Employee" means
- (i) every Director of the Company;
  - (ii) every Employee of the Company comprising the top management up to the rank of Vice President;
  - (iii) every Executive Secretary/Executive Assistant to every person covered under (i) or (ii) above;
  - (iv) every Employee in the Finance & Accounts, Secretarial and Corporate Relation & Corporate Communication Department;
  - (v) and any other Employee as may be designated by the Compliance Officer in consultation with the Managing Director or Chief Executive Officer of the Company considering the objectives of the Code.

- (f) "Designated Persons" means
  - (i) Designated employees as defined in Clause 2(e)
  - (ii) Such Connected Person who may have access to Unpublished Price Sensitive Information;
- (g) "Generally Available Information" means information that is accessible to the public on a non-discriminatory basis;
- (h) "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;
- (i) "Insider" means any person who is:
  - (i) a Connected Person; or
  - (ii) in possession of or having access to Unpublished Price Sensitive Information;
- (j) "Key Managerial Personnel", in relation to a Company, means:
  - (i) Director
  - (ii) Chief Executive Officer;
  - (iii) Chief Financial Officer;
  - (iv) Company Secretary; and
  - (v) Such other officer as may be prescribed by the Compliance Officer;
- (k) "Promoter" shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- (l) "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund;
- (m) "Takeover Regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- (n) "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- (o) "Trading Day" means a day on which the recognized stock exchanges are open for trading;
- (p) "Unpublished Price Sensitive Information" 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:–

- (i) financial result;
- (ii) dividend;
- (iii) change in capital structure;
- (iv) merger, demerger, acquisition, delisting, disposal and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) material events in accordance with the listing agreement.

- 2.1. Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

## **CHAPTER – II**

### **RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS**

3. Communication or procurement of Unpublished Price Sensitive Information:–
- 3.1 No Insider shall 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.
- 3.2 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.
- 3.3 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.

3.4 For purposes of sub-regulation 3.3, parties are required 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 purpose of sub-regulation 3.3, and shall not otherwise trade in securities of the Company when in possession of Unpublished Price Sensitive Information.

4. Trading when in possession of Unpublished Price Sensitive Information:-

4.1 No Insider shall trade in securities of the Company that are listed or proposed to be listed on a stock exchange when in possession of Unpublished Price Sensitive Information.

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 Promoters who were in possession of the same Unpublished Price Sensitive Information without being in breach of regulation 3.3 and both parties had made a conscious and informed trade decision;

(ii) in the case of non-individual Insiders:-

(a) 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

(b) 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 Regulation 5.

4.2 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.

5. Trading Plans:-

5.1 An Insider falling under the category of Key Managerial Personnel and their Immediate Relative 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.

NOTE: This provision intends to give an option to persons who may be perpetually in possession of Unpublished Price Sensitive Information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an Insider to enable him to plan for trades to be executed in future. By doing so, the possession of Unpublished Price Sensitive Information when a trade under a trading plan is actually executed would not prohibit the execution of such trades as he had pre-decided even before the Unpublished Price Sensitive Information came into being.

5.2 Such 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.

5.3 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.

5.4 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.

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.

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

### **CHAPTER – III**

#### **DISCLOSURES OF TRADING BY INSIDERS**

6. General provisions:-

- 6.1 Every public disclosure under this Chapter shall be made in such form as may be specified.
- 6.2 The disclosures to be made by any person under this Chapter shall include those relating to trading by such person's Immediate Relative, and by any other person for whom such person takes trading decisions.
- 6.3 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 Chapter.

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

- 6.4 The disclosures made under this Chapter shall be maintained by the Company, for a minimum period of five years, in such form as may be specified.

7. Disclosures by certain persons:-

7.1 Initial Disclosures:-

(a) The Promoter, Key Managerial Personnel and director of the Company is to disclose the holding of securities of the Company within thirty days of these Regulations taking effect in prescribed form to the Company;

(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 prescribed form;

7.2 Continual Disclosures:-

(a) Every Promoter, employee 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.10,00,000 or such other value as may be specified in prescribed form;

(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: It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

### 7.3 Disclosures by other Connected Persons:-

The Company may, at its discretion require any other Connected Person or class of Connected Person to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with these regulations in prescribed form.

## **CHAPTER – IV**

### **CODES OF FAIR DISCLOSURE AND CONDUCT**

#### 8. Code of Fair Disclosure:-

8.1 The code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information is set out in Schedule 'A' and is published in the website of the Company.

8.2 Every such 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 are listed.

#### 9. Code of Conduct:-

9.1 The code of conduct to regulate, monitor and report trading by its employees and other Connected Persons as formulated by the Company is set out in Schedule 'B'.

## **SCHEDULE 'A'**

### **[See sub-regulation (1) of regulation 8]**

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

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 Information to avoid selective disclosure.

3. The Compliance Officer shall 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.

#### **SCHEDULE 'B'**

#### **[See sub-regulation (1) of regulation 9]**

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

1. The Compliance Officer shall place reports before the Chairman of the Board on an annual basis, the details of the dealing in the securities by the Insiders.
2. All information shall be handled within the organization 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.
3. Designated Persons in the organization are governed by an internal code of conduct governing dealing in securities.
4. Designated Persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the Designated Persons. The trading window shall be closed when the Compliance Officer determines that a Designated Persons or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Designated persons and their Immediate Relative shall not trade in securities when the trading window is closed.
5. The Trading Window shall be closed for such period as may be specified by the Compliance Officer, subject to a minimum period of six days starting

from the third day preceding the date of consideration of Unpublished Price Sensitive Information by the Board of Directors or any Committee of the Board of Directors of the Company. In case of consideration by circular resolution, the Window Closure shall begin from the date of circulation of the resolution to the Directors.

6. The timing for reopening of the trading window is determined by the Compliance Officer taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. The trading window is 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.
7. All Designated Persons and their Immediate Relative who intend to deal in the securities of the Company, exceeding Rs.5,00,000 in value or 25,000 shares or 1% of the paid-up capital of the Company, whichever is lower, should pre-clear the transaction as per the pre-dealing procedure as described hereunder. The limit for pre-clearance shall be calculated on a cumulative basis consisting of all trades proposed to be done by the Designated Persons and their Immediate Relative till such limit is reached. 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.

Explanation: In case the limit for pre-clearance is reached by way of trades in multiple tranches, the trade which takes the Designated Person's/immediate relative holdings in securities higher than the limit mentioned above in case of purchase and lower than the limit mentioned above in case of sale shall be pre-cleared.

8. An undertaking 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 "Unpublished Price Sensitive Information" up to the time of signing the undertaking.
  - (b) That in case the Designated Person has access to or receives "Unpublished 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 and his/her Immediate Relative 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.

9. All Designated Persons and their Immediate Relative shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the Designated Person and their Immediate Relative must pre-clear the transaction again.

Explanation: If a part of the transaction has been executed within a week, then the remaining part of the transaction, irrespective of the Quantum of such transaction, shall be pre-cleared again if made after that week.

10. All Designated Persons who buy or sell any number of securities 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. The Compliance Officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. 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 Securities and Exchange Board of India for credit to the Investor Protection and Education Fund administered under the Act.
11. All Designated Employees and Connected Persons who trade in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalized and appropriate action may be taken by the Company. Designated persons of the Company who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, etc.
12. The formats for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, recording of reasons for such decisions and for reporting level of holdings in securities as being necessary to monitor compliance with these regulations are annexed.
13. The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
14. In case it is observed by the Company/Compliance Officer that there has been a violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 SEBI shall be informed by the Company.

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