



**CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND
REPORTING OF TRADING BY INSIDERS**
(Effective from 1st April 2019)



Definitions

- 1.1 **“Act”** means the Securities and Exchange Board of India Act, 1992.
- 1.2 **“Board”** means the Board of Directors of the Company.
- 1.3 **“Code”** or **“Code of Conduct”** shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of TVS Electronics Limited as amended from time to time.
- 1.4 **“Company”** means TVS Electronics Limited (TVSE)
- 1.5 **“Compliance Officer”** means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations designated so and reporting to the Board of Directors 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board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. Compliance officer will function as “Chief Investor Relations Officer” for the purpose of this Code and for the relevant Fair Practices Code.
- 1.6 **“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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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 recognised 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 the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

1.7 **“Dealing in Securities”** means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.

1.8 (a) **“Designated Employee(s)”** shall mean :

- (i) every employee from grade JC4 and above;
- (ii) every employee including Heads of business of finance, accounts, business planning and development, products, services, human resources, secretarial, legal and such other departments as may be determined and informed by the Compliance Officer; and
- (iii) any other employee as may be determined and informed by the Compliance Officer from time to time.
- (iv) Employees of material subsidiaries of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the Company by the Board of Directors.
- (v) All promoters of the Company and promoters who are individuals or investment companies for intermediaries or fiduciaries.
- (vi) All Directors and KMPs of the Company
- (vii) Chief Executive Officer and employees upto two levels below Chief Executive Officer of the Company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the Company or ability to have access to unpublished price sensitive information.
- (viii) Any support staff of the Company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information
- (ix) Any other person as may be determined and informed by the Compliance Officer from time to time.

(b) **“Officer”** shall mean and include

- (i) Statutory, Secretarial and Internal Auditor
- (ii) Person occupying the position as an officer or an employee of TVSE or holds a position involving a professional or business relationship between himself and TVSE whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.



(iii) Any other person as decided by the Board of Directors of TVSE.

- 1.9 **"Director"** means a member of the Board of Directors of the Company.
- 1.10 **"Employee"** means every employee of the Company including the Directors in the employment of the Company.
- 1.11 **"Generally available Information"** means information that is accessible to the public on a non-discriminatory basis.
- 1.12 **"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
- 1.13 **"Insider"** means any person who,
(i) a connected person; or
(ii) in possession of or having access to unpublished price sensitive information.
- 1.14 **"Key Managerial Person"** means person as defined in Section 2(51) of the Companies Act, 2013
- 1.15 **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof:
- 1.16 **"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof
- 1.17 **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- 1.18 **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- 1.19 **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly
- 1.20 **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;
- 1.21 **"Unpublished Price Sensitive Information"** means: 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 results;
- (ii) dividends (Interim and Final);
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) Such other information, in the opinion of the Board, if disclosed is likely to materially affect the prices of the securities.

- 1.21 **“Regulations”** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- 1.22 **“Specified Persons”** means the Designated Persons and their immediate relatives are collectively referred to as Specified Persons.

Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

2. Role of Compliance Officer

- 2.1 TVSE has appointed the Compliance Officer who shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors, but not less than once in a year.
- 2.2 The Compliance Officer shall be responsible for setting policies, procedures, monitoring mechanism to the rules for preserving the “Price Sensitive Information”, “Pre-Clearing Trades” of Directors, Officers, Designated employees, and implementation of the Code of Conduct under the overall supervision of the Board and assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company’s Code of Conduct.

3. Preservation of “Price Sensitive Information”

- 3.1 Directors, Officers, Designated Employees and Connected Persons and such other specified persons, shall maintain the confidentiality of all Price Sensitive Information. Directors, Officers and Designated Employees and Connected Persons shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.



3.2 Price Sensitive Information is to be handled on a “need to know” basis, i.e., Price Sensitive Information should be disclosed only to those within TVSE who need the information to discharge their duty. Preservation of misuse of “Price Sensitive Information”.

3.3 All Directors, Officers and Designated Employees and Connected Persons and such specified persons shall be subject to trading restrictions as enumerated below.

- i. **When the trading window is closed, the Directors, Officers, Designated Employees and Connected Persons and all such specified persons, shall not trade in the company’s securities in such period.**
- ii. **The trading window shall be re-opened 24 hours after the information referred hereinabove, is made public.**
- iii. **All directors/officers/designated employees and Connected Persons and such other specified persons, shall conduct all their dealings in the securities only during trading window is open. All Directors, Officers and Designated Employees and such other specified persons, shall not engage in dealing in securities, whether on their own account or on behalf of the Dependent and shall ensure that their Dependent shall also not engage in Dealing in Securities on their own account, if such Director, Officer or Designated Employees or such other specified person, is in possession of any unpublished price sensitive information.**

Need to Know:

- (i) “need to know” basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company for legitimate purpose, 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 head of the department.

3.4 Limited access to confidential information

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

3.5 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.

4. Prevention of misuse of “Unpublished Price Sensitive Information”

Designated Persons and immediate relatives of Designated Persons 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.

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 immediately from the end of quarter or such other period as may be determined by the Compliance Officer 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 Point No. (ii) above or during any other period as may be specified by the Company from time to time.
- (vi) In case of ESOPs, RSU or any other employee benefit scheme, involving exercise of options, such exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs, RSU or any other employee benefit Scheme, 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 it is determined 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 available.

6 Pre-clearance of trades

- 6.1 All Designated Persons who intend to deal in the securities of should pre-clear the transaction, if the value of the proposed trades is above such thresholds as the Board of Directors or head(s) of the Company may stipulate from time to time.

However, no designated person shall be entitled to 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 and hence he shall not be allowed to trade. The pre-dealing procedure shall be hereunder:



- (i) An application may be made in the prescribed Form to the Compliance officer indicating the estimated number of securities that the Specified Employee 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 shall be executed in favour of the Company by such Specified Employee incorporating, *inter alia*, the following clauses, as may be applicable:
 - (a) That the employee/director/officer 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 Specified Employee 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 Specified Persons and their immediate relatives shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. The Specified 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 employee/director must pre-clear the transaction again.
- (v) All Specified 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 Specified 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. Provided that this shall not be applicable for purchase of shares pursuant to exercise of stock options.

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. The pre-clearance of trades shall not be required for a trade executed as per an approved trading plan and trading window norms and restrictions on contra trade shall not be applicable for trades carried out with an approved trading plan.

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 promoter group, Key Managerial Personnel, Director, of the Company, within thirty days of these regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company presently held by them 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 or member of the promoter group 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

- 8.3 Every promoter, member of promoter group/ Key Managerial Personnel / Director / Designated Employees 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 transaction over any calendar quarter, aggregates to a traded value in excess of the value prescribed by SEBI from time to time.

The disclosure shall be made within 2 trading 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.

Annual Disclosure

8.4 Designated Persons shall disclose names and PAN or any other identifier authorised by law of immediate relatives and persons with whom such designated person(s) shares a material financial relationship and other details as required under the Regulations on an annual basis and as and when the information changes.

“Material financial relationship” shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or any modification thereof

One Time Disclosure:

The Designated Persons, as a one time disclosure to the Company, will also have to provide the names of educational institutions from which designated persons have graduated and names of their past employers.

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

9.1 Within 2 trading days of the receipt of intimation under Clause 8.3, the Compliance Officer 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 Specified 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.

10.3 . The Company shall have a process for how and when people are brought “inside” on sensitive transactions.

10.4 The Company shall conduct awareness program to individuals and made aware of the duties and responsibilities attached to the receipt of UPSI and the liability for misusing or unwarranted use of UPSI.

11. Penalty for contravention of the code of conduct

11.1 Every Specified 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).

11.2 Any Specified 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.

11.3 Specified Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, clawback, ineligibility for future participation in employee stock option plans, etc.

11.4 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.
