

THE STATE TRADING CORPORATION OF INDIA LIMITED
Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

CODE OF CONDUCT FOR LISTED COMPANIES TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS- INSIDER TRADING CODE

1. PRELIMINARY

- 1.1 The Company has formulated the Code of Conduct to Regulate, Monitor and Reporting Trading by Designated Persons hereinafter called as **Insider Trading Code** in dealing with Securities of STC.
- 1.2 It shall come into force w. e. f. 01.04.2019 (Approved by the Board on in its 627th meeting held on 11.02.2019) and the amendments to the code, if any, shall be effective from the date on which it is notified from time to time.
- 1.3 The existing Code of Conduct for prevention of insider trading in dealing with the securities of STC, stands repealed with the new Code coming into effect. However, the existing Code shall be operational till 31.03.2019.

2. OBJECTIVE OF THE INSIDER TRADING CODE

Insider Trading Code aims to ensure monitoring, timely reporting and adequate disclosure of price sensitive information by the Promoters, Directors, Key Managerial Personnel and connected person of the Company. Further, it also aims to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof.

3. DEFINITIONS

- 3.1 “**Act**” means the Securities and Exchange Board of India Act, 1992.
- 3.2 “**Board**” means the Securities and Exchange Board of India.
- 3.3 “**Company**” means The State Trading Corporation of India Limited.
- 3.4 “**Compliance Officer**” for the purpose of the Code, the Company Secretary of the Company shall act as the Compliance Officer. In absence of the Company Secretary, the Board of Directors may authorize any officer of the Company to discharge the duties of Compliance Officer.
- 3.5. “**Connected Person**” means Connected person as defined in regulation 2(d) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e.
 - (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 a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest.

3.6 "Designated Employees" shall include:

1. Top three tier of executives i.e. Directors, Chief General Managers and General Managers.
2. All Employees of Corporate Office.
3. Any other Employee of the Company that may be notified by the Compliance Officer, from time to time, with the approval of CMD.

In case any of the Designated Employees leaves the services of the Company, he shall continue to be considered as Designated Employees for a further period of six months subsequent to the date of his leaving the Company as envisaged under SEBI (Prohibition of Insider Trading) Regulations, 2015.

3.7 "Designated Persons" includes the Promoter, Designated Employees, their immediate relatives, and the Directors on the Board of STC including Independent Directors and Government Nominee Directors.

3.8 "Generally available information" means generally available information as defined in regulation 2(e) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e.: *information that is accessible to the public on a non-discriminatory basis. Information published on the website of a stock exchange, would ordinarily be considered generally available*

3.9 "Immediate relative" means Immediate relative as defined in regulation 2(f) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e.: *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.*

3.10 "Insider" means Insider as defined in regulation 2(g) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e.: *any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information.*

3.11 "Key Managerial Personnel" means Key Managerial Personnel (KMP) as defined in Section 2(51) of the Companies Act, 2013 i.e.:

- (i) the Chief Executive Officer or Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) whole-time Director;
- (iv) Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
- (vi) such other officer as may be prescribed

- 3.12** "**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;
- 3.13** "**Regulation(s)**" means SEBI (Prohibition of Insider Trading) Regulations, 2015 and the amendments to the Regulations made by SEBI from time to time.
- 3.14** "**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; in case of STC, the Securities would mean the Securities issued by STC listed on Stock Exchanges from time to time such as Equity Shares, Derivatives and Bonds.
- 3.15** "**Trading**" means Trading as defined in regulation 2(l) and 6(3) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e.; *includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities and trading in derivatives of securities.*
- 3.16** "**Trading Day**" means Trading Day as defined in regulation 2(m) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e.: *a day on which the recognized stock exchanges are open for trading.*
- 3.17** "**Trading Window**" means a trading period in which Company's Securities can be traded.

3.18 “**Unpublished Price Sensitive Information**” means Unpublished Price Sensitive Information as defined in regulation 2(n) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 i.e. 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
- (iii) change in capital structure
- (iv) mergers, de-mergers, acquisitions, delisting”, disposals and expansion of business and such other transactions
- (v) changes in key managerial personnel

4. APPLICABILITY

This Code shall be applicable and binding on the Designated Persons as defined in the Insider Trading Code.

5. RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

5.1 Communication or procurement of unpublished price sensitive information

- (i) All information shall be handled within the organisation on a need-to-know basis and insider shall not 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.
- (ii) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to STC or its securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Explanation: the term “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.

- (iii) Any person 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.

5.2 Trading when in possession of unpublished price sensitive information

- (i) Subject to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, no insider shall either on his own behalf or on behalf of any other person, trade in securities of STC on any stock exchange when in possession of any unpublished price sensitive information, subject to the exemptions provided in the 'Regulations'.
- (ii) The onus of establishing that they were not in possession unpublished price sensitive information shall be on such connected persons.

5.3 Need to know

- i. 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 the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- ii. All non-public information directly received by any employee should immediately be reported to the head of the department.

5.4 Limited access to confidential information

Files containing the confidential information shall be kept secured. Computer files must have adequate security of log in and password etc.

6. TRADING PLANS

6.1 An insider shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure, pursuant to which trades may be carried out on his behalf in accordance with such plan.

6.2 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 inexistence;

- (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.

- 6.3** 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.
- 6.4** 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 clause 5.2(i).

- 6.5** Upon approval of the trading plan, the compliance officer shall notify the plan to the Stock Exchanges on which the securities are listed.

7 TRADING WINDOW

- 7.1** No Designated Person shall deal in any transaction involving the purchase or sale of the STC's securities, either in their own name or in the name of their immediate relatives, during the periods mentioned below, when "Trading Window" shall remain closed:

Sr. No.	Particulars	Restrictive Period
(a)	Declaration of Financial Results (quarterly, half yearly and annual) <i>Explanation: Trading Window shall be opened 2 days (48 hours) after the "price sensitive information", for which the trading window is closed, is</i>	One week up to the date of Board Meeting or as may be notified.

Sr. No.	Particulars	Restrictive Period
	<i>generally available, excluding the day of intimation to Stock Exchanges.</i>	
(b)	Declaration of Dividends (interim and final)	- do -
(c)	Issue of securities by way of public/rights/bonus etc.	- do -
(d)	Any major expansion plans or execution of new projects	- do -
(e)	Amalgamation, merger, takeovers and Buyback	- do -
(f)	Disposal of whole or substantially whole of the undertaking	- do -
(g)	Any changes in policies, plans or operations of the Company	- do -
(h)	Any other event as may be notified	- do -

- 7.2** The remaining days of a year other than the days mentioned under clause 7.1 above shall be called “**Valid Trading Window**”.
- 7.3** All Designated Persons shall conduct their dealings in the securities of the Company only in the “Valid Trading Window” period as mentioned above at clause 7.2 and shall not enter into “**Contra Trade**” i.e. opposite or reverse transactions, in the securities of STC during the next six months following the prior transaction.
- 7.4** Trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.
- 7.5** The Compliance Officer may grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. In case contra trade 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.
- 7.6** The Compliance Officer shall maintain a register of the periods of “Closed Trading Window”, wherein he shall record the date of closure and opening of the trading window and the purpose for which trading window is closed.

A pro-forma of the register of periods of closure of Trading Window is given in **FORM-I**.

8 PRE-CLEARANCE OF TRADES

- 8.1** Designated Persons who intend to deal in the securities of the Company (above the minimum threshold limits of 2000 shares in a calendar month) shall obtain pre-clearance of the transaction as per the pre-dealing procedure as described hereunder. Application for preclearance shall be made only during valid trading period. Application submitted during closer of trading window shall be invalid.
- 8.2** Designated Persons shall make pre-clearance application to the Compliance Officer in the format given in **FORM-II**. The application shall indicate the estimated number of securities that the Designated Employee intends to deal in, the details as to the depository with which he has a security account, the details as to securities in such depository mode and such other details, as may be required by the Compliance Officer from time to time in this behalf.
- 8.3** The pre-clearance shall not be necessary if the number of shares to be traded is upto 2000 shares in a calendar month.
- 8.4** Immediately on receipt of the pre-clearance application, the date and time of the receipt of the same shall be recorded thereon. The Compliance Officer shall process the pre-clearance applications and if the pre-clearance application is in accordance and in Compliance with the provisions of Insider Trading Code, the Compliance Officer shall communicate the preclearance immediately not later than 48 hours from the time of receiving the application. In the absence of Compliance Officer, the Officer authorized by the Compliance Officer shall give the pre-clearance. A pro-forma letter of intimate of pre-clearance is annexed as **FORM-III**.
- 8.5** Designated Persons shall execute their order in respect of securities of the STC within seven trading days after the approval of pre-clearance is given. If the order is not executed within seven trading days after the approval is given, the Designated Persons shall obtain fresh pre-clearance.
- 8.6** Pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.
- 8.7** The Compliance Officer may be 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 Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

9 DISCLOSURE BY CERTAIN PERSONS

9.1 Initial Disclosures

Every person on appointment as a Director or Key Managerial Personnel or Designated Employee shall disclose his/her holding of securities in STC, as on the date of appointment including the securities held by their immediate relatives, to the Company ***within seven days of such appointment***, as per pro-forma provided at **FORM IV**.

9.2 Continual Disclosures

Every Director, Key Managerial Personnel or every employee(s) shall disclose the number of such securities acquired or disposed-off ***within two trading days*** of such transaction including the securities held by their immediate relatives, 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 **₹10 Lakhs** in **FORM V**. *The disclosure of the incremental transactions after any continual disclosure shall be made when the transactions effected after the prior disclosure cross the threshold as specified at 9.2 above.* The Compliance Officer shall notify the particulars of such trading by Director or Key Managerial Personnel or Employee 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.

10 PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT

Any Director, Key Managerial Personnel or Employee, who trades in securities of STC or communicates any unpublished price sensitive information in contravention of Insider Trading Code may be penalized and appropriate action may be taken by the Competent Authority as defined under Employees (Conduct, Discipline and Appeal) Rules, 1986 (CDA Rules) of the Company and shall also be subject to disciplinary action by the competent authority of the Company as specified in Employees Code of Conduct. Further, any leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information shall be enquired into as per procedure provided in the CDA Rules and appropriate action shall be taken as provided therein. Further employees can also report leak of unpublished price sensitive information under the Whistle Blower Policy/Vigil Mechanism of the Company.

11 POWER OF SEBI

The action taken by the Company shall not preclude SEBI and other authorities from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

12 INFORMATION TO SEBI IN CASE OF VIOLATION OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

Any violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, shall be promptly reported by the Compliance Officer to SEBI after obtaining the approval of the Stakeholders Relationship Committee.

13 PERIODICAL RETURNS

The Compliance Officer shall place before the Chairperson of the Audit Committee and CMD, the details of continual disclosure made by Director, Key Managerial Personnel or Employee during Financial Year within 30 days of the end of financial Year.

14 AMENDMENTS

CMD may amend the Insider Trading Code as per industry practice and/or in case of change in legal framework rules and regulation as covered in the policy. STC's Board shall have the power to amend any of the provisions of this Insider Trading Code, substitute any of the provisions with a new provision or replace Insider Trading Code entirely with a new Insider Trading Code.

This Code is issued in pursuance of the requirements of SEBI (Prohibition of Insider Trading), Regulations, 2015, as amended.

DISCLAIMER

THIS IS ONLY INTERNAL INSIDER TRADING CODE AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. EVERY INSIDER IS REQUIRED TO FAMILIARISE HIMSELF/HERSELF WITH THE SEBI REGULATION OR ANY AMENDMENT THEREOF AS IT WILL BE THE RESPONSIBILITY OF EACH DESIGNATED PERSON (AND HIS RELATIVES) TO ENSURE COMPLIANCE OF THIS CODE, SEBI REGULATION(S) AND OTHER APPLICABLE LAWS.

The State Trading Corporation of India Limited

FORM – II

APPLICATION FOR PRE-CLEARANCE OF TRADES IN SECURITIES

To

The Compliance Officer
The State Trading Corporation of India Limited
Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi-110 001.

Dear Sir,

I,.....a Director/KMP/Designated Employee of the Company intend to carry out transaction(s) in the shares of The State Trading Corporation of India Limited as per the details given below:

Name :

Employee No. :

Designation :

Department :

PAN :

Email id :

Date of becoming Director/KMP/ Designated:

Employee:

No. of shares held (including immediate relative) as on the date of application	Folio No./ DP & Client ID	Nature of new transaction for which approval is sought	Estimated number of securities to be dealt	Estimated consideration value
1	2	3	4	5

UNDERTAKING

In this connection I solemnly confirm and declare:

- a) **THAT** I do not have access and/or have not received any "Unpublished Price Sensitive Information" up to the time of signing the undertaking;
- b) **THAT** in case I have access to or receive "Unpublished Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction, I shall inform the Compliance Officer about such "Unpublished Price Sensitive Information" and that I shall completely refrain from dealing in the securities of the Corporation till the time such information becomes public.
- c) **THAT** I have not contravened the Insider Trading Code as notified by the Company from time to time.
- d) **THAT** I shall not undertake any contra trade for a minimum period of **six months** from the date of this pre-clearance.

I hereby solemnly declare that I have made a full and true disclosure in this regard to the best of my knowledge and belief. Pre-clearance may kindly be accorded in terms of provisions of the Insider Trading Code of STC.

Signature : _____

Date : _____

Place : _____

OFFICE USE

Serial number of the application received :

Date & time of receipt of the Application :

Date & time of communication of the pre-clearance or otherwise:

Reasons for not giving pre-clearance :

Signature of the Compliance Officer/ Authorised Officer

The State Trading Corporation of India Limited

FORM-III

REGISTER OF PRE-CLEARANCE FOR TRADE IN SECURITIES

S. No.	Name	Designation	Department	Date & time of receipt of pre-clearance application	Name of person in whose name transaction is being made	Relationship
1	2	3	4	5	6	7

Nature of Transaction (Purchase or Sale)	Estimated no. of securities	Estimated Consideration	Date of communication of the clearance by Compliance Officer	Reasons for non clearance, if any	No. of securities actually traded, if intimated
8	9	10	11	12	13

The State Trading Corporation of India Limited

FORM-IV

PRO-FORMA FOR INITIAL DISCLOSURE OF DETAILS OF SHARES HELD BY DIRECTOR/KMP/DESIGNATED EMPLOYEE

The Compliance Officer
The State Trading Corporation of India Limited
Jawahar Vyapar Bhawan, Tolstoy Marg,
New Delhi-110 001.

Dear Sir,

I, Director/KMP/Designated Employee of STC furnish below the details of shareholding in STC as on in terms of regulation 7 (1) of SEBI (Prohibition of Insider Trading) Regulation, 2015.

Name :

Employee No:

Designation:

Department:

PAN :

Email id :

Date of becoming Director/KMP/ Designated

Employee:

1. Details of shareholding or position taken in derivatives in own name:

No. of shares Held	Date of acquisition	Mode of Acquisition	Buy quantity	Buy value	Folio No./ DP & Client ID

II. Details of shares held or position taken in derivatives by immediate relative:

Name, PAN No. & Address and relationship	No. of shares held	Date of acquisition	Mode of Acquisition	Buy quantity	Buy value	Folio No./ DP & Client ID

Signature : _____

Date : _____

Place : _____

The State Trading Corporation of India

Limited FORM-V

PRO-FORMA FOR CONTINUAL DISCLOSURE OF DETAILS OF SHARES HELD BY DIRECTOR/KMP/DESIGNATED EMPLOYEE

The Compliance Officer
The State Trading Corporation of India
Limited Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi-110 001.

Dear Sir,

I Director/KMP/ Employee of STC furnish below the details of transactions of my own / immediate relatives in the securities of STC exceeding Rs. 10 lakhs during the period from to in terms of regulation 7 (2) of SEBI (Prohibition of Insider Trading) Regulation, 2015

Name :

Employee

No. :

Designation :

Department :

PAN :

Email id :

Date of becoming Director/KMP/ Employee:

I. Details of shareholding or position taken in derivatives in own name:

No. & % of shares / voting rights held by the Director /Officer	Date of receipt of allotment advice / acquisition / sale of shares / voting rights	Mode of acquisition (market purchase / public / rights / preferential offer etc.)	No. & % of shares / post acquisition / voting rights sale	Trading member through whom the trade was executed With SEBI Registration No. of the TM	Exchange On Which Trade Was executed	Buy/ Sell Quantity	Buy/ Sell value	DP Id. / Client Id. or Folio No
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II. Details of shares held or position taken in derivatives by immediate relative:

Name, PAN No. & Address and relationship	No. & % of shares / voting rights held	Date of receipt of allotment advice / acquisition / sale of shares / voting rights	Mode of acquisition (market purchase / public / rights / preferential offer etc.)	No. & % of shares / post acquisition / voting rights sale	Trading member Through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which trade was executed	Buy/Sell quantity	Buy/Sell value	DP Id. / Client Id. or Folio No.

I declare that I have complied with the requirement of the minimum holding period of **6 months** with respect to the securities purchased/sold.

I hereby declare that the above details are true, correct and complete in all respects. Signature : _____

Date : _____

Place : _____