



**TITAGARH RAIL SYSTEMS LIMITED**  
(Formerly TITAGARH WAGONS LIMITED)

**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS**

## CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

### 1. Introduction:

Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "Regulations") mandates a listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its employees and connected persons, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations.

Accordingly, the following Code of Conduct (revised) has been adopted by the Board of Directors of the Company at its meeting held on 29<sup>th</sup> May, 2019.

### 2. Definitions

2.1. For the purpose of the Code:

- 2.1.1. "**Act**" means the Securities and Exchange Board of India Act, 1992, as may be amended from time to time.
- 2.1.2. "**Board**" means the Board of Directors of Titagarh Wagons Limited.
- 2.1.3. "**Code**" means this Code of Conduct for Prevention of Insider Trading in the Securities of Titagarh as amended by the Board from time to time.
- 2.1.4. "**Company**" or "**Titagarh**" means Titagarh Wagons Limited.
- 2.1.5. "**Compliance Officer**" is as defined under the Regulations.

**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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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 SEBI; 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;

2.1.1. "**Designated Person**" will include the persons who are in the possession of Unpublished Price Sensitive Information including the following:

- a. The Promoter of the Company;
- b. All persons forming a part of the promoter group of the Company;
- c. Members of the Board of Directors of the Company including, executive or non-executive or independent or nominee directors;
- d. Chief Operating Officer;
- e. Chief Financial Officer;
- f. Management Coordinators;
- g. Vertical heads;

- h. Group Finance Controller;
- i. Company Secretary and a level below Company Secretary;
- j. Any support staff such as I.T. employees working in secretariat of Managing Director who may have access to UPSI
- k. Any other key person who in the opinion of the Compliance Officer be covered in the Designated Person.

2.1.2. **"Director"** means a member of the Board of the Company.

2.1.3. **"Generally Available Information"** means information that is accessible to the public on a non-discriminatory basis.

2.1.4. **"Immediate Relatives"** with respect to any person, means the spouse of a person, and includes, parents, siblings, and children of such person or of the spouse (whether minors or adults) who are either financially dependent on such person or consult with such person while taking decisions relating to trading in securities.

2.1.5. **"Insider"** means any person who is a connected person or in possession of or having access to UPSI. The provisions of this Code are applicable to all Insiders which term shall include Designated Person/employees, fiduciaries and their immediate relatives.

2.1.6. **"Regulations"** means the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended.

2.1.7. **"SEBI"** means Securities and Exchange Board of India.

2.1.8. **"Securities"** means the securities of Titagarh

2.1.9. **"Stock Exchange"** mean the stock exchanges where any Securities of Titagarh are listed.

2.1.10. **"Trading"** or **"Trade"** means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in Securities, including without limitation (a) selling of vested and exercised ESOPs, by any person either as principal or agent or (b) creating or revoking a pledge or any security interest over the Securities.

2.1.11. **"Trading Day"** means a day on which the Stock Exchange is open for Trading

2.1.12. **"Trading Plan"** has the meaning ascribed to in this Code.

2.1.13. **"Trading Window"** has the meaning ascribed to it in this Code.

2.1.14. **"Unpublished Price Sensitive Information"** means any information which is not Generally Available Information and relates directly or indirectly to Titagarh or its Securities and which upon becoming Generally Available Information, is likely to materially affect the price of Securities of Titagarh.

Explanation: The following shall be always deemed to be Unpublished Price Sensitive Information till it becomes Generally Available Information:

- i. periodical financial results of Titagarh;
- ii. declaration of dividends (both interim and final);
- iii. issue of securities or buy-back of securities;
- iv. change in capital structure;
- v. any major expansion plans or execution of new projects, new client / new project wins;
- vi. disposal of the whole or substantial part of the undertaking;
- vii. any significant changes in policies, plans or operations of Titagarh;
- viii. declaration of bonus;
- ix. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- x. changes in key managerial personnel;

Compliance Officer may decide any other matter/ information also as Price Sensitive Information

2.2. All terms used in the Code, but not defined above shall have the meanings ascribed to them in the Act or the Regulations, as the case may be.

### 3. Compliance Officer

3.1. The Compliance Officer shall report to the Board. All reports with regard to the Regulations or the Code shall be submitted to the Managing Director /CEO of the Company. For cases relating to the aforesaid positions, the Compliance Officer shall report the matter to the Chairman of the Audit Committee of the Board. Such reports shall be provided periodically.

3.2. In the absence of the Compliance Officer for any reason, any senior officer designated by CEO in this behalf, shall carry out the responsibilities of the Compliance Officer as required under this Code, and the Regulations.

#### **4. Role of Compliance Officer**

4.1. The duties and responsibilities of the Compliance Officer are to enforce this Code. To enforce the Code, the Compliance Officer is authorized to seek such information from Designated Persons and their Immediate Relatives as required by this Code and to give such approvals as are specified by this Code.

4.2. The Compliance Officer shall act in accordance with this Code and/or the Regulations applicable to his role contemplated herein.

#### **5. Responsibilities of Designated Persons and their Immediate Relatives**

5.1. Preservation of Unpublished Price Sensitive Information

5.1.1. All Designated Persons and their Immediate Relatives shall maintain strict confidentiality with respect to all Unpublished Price Sensitive Information.

##### **5.2. Need to Know**

5.2.1 Unpublished Price Sensitive Information is to be handled on a “need to know” basis, i.e., Unpublished Price Sensitive Information should be disclosed only to those within and outside Titagarh who need to know such Unpublished Price Sensitive Information to discharge their duty and whose possession of such Unpublished Price Sensitive Information will not give rise to a conflict of interest or appearance of misuse thereof. No Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations, or in any other manner which is contrary to Regulation 3 of the Regulations. It is clarified that the term ‘legitimate purpose’, shall have the same meaning as provided under the Company’s policy on ‘**Code of Fair Practices & Disclosure**’.

5.2.2. While communicating or allowing access to the Unpublished Price Sensitive Information, the Designated Person(s) is required to give due notice to such person(s) with whom the Unpublished Price Sensitive Information is shared, to maintain confidentiality of such Unpublished Price Sensitive Information in compliance with the Regulations and the Code.

##### **5.3. Chinese Walls**

5.3.1. Additionally, while dealing with or handling Unpublished Price Sensitive Information within Titagarh, Titagarh shall establish policies, procedures and physical arrangements (collectively “**Chinese Walls**”) designed to manage confidential information and prevent the inadvertent spread and misuse of Unpublished Price Sensitive Information, or the appearance thereof.

##### **5.4. Declaration required from all Designated Persons**

5.4.1. All Designated Persons of the Company shall declare to the Compliance Officer, his/her shareholding in Titagarh and the shareholding of his/her Immediate Relatives in Titagarh as on the date as may be required as per this Code/the Regulations in the format prescribed.

5.4.2. Any other person, upon being designated by the Compliance Officer as a Designated Person or joining the company as a Designated Person shall within 7 (seven) calendar days declare to the Compliance Officer, his/her shareholding in Titagarh and the shareholding of his/her Immediate Relatives in Titagarh in the format prescribed.

##### **5.5. Restrictions on opposite transactions and short selling**

###### **5.5.1 Contra Trade**

- i. 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 Securities during the next 6 (six) months following the prior transaction (“**Contra Trade**”). All Designated Persons shall also not take positions in derivative transactions in the Securities of the Company at any time.
- ii. If a Designated Person intends to enter into a Contra Trade, such Contra Trade may be made only with prior approval of the Compliance Officer. The Compliance Officer while approving such exception to this Clause, shall record in writing the reasons for which such exception was granted and why such exception would not be in violation of the Code or the Regulations.
- iii. In the event that a Contra Trade has been executed without prior approval of the Compliance Officer the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.
- iv. It is clarified that the above restrictions on undertaking Contra Trade shall not be applicable for trades

executed pursuant to exercise of employee stock options and on participation in buy-back offers, open offers, rights issue, further public offers, bonus issues and exit offers.

#### 5.5.2. Short Selling

No Designated Person shall directly or indirectly sell any Security if such person (i) does not own the Security sold; or (ii) owns the Security but does not deliver such Security against such sale within the acceptable settlement cycle ("short sale").

### 6. Trading Plan

6.1. All Designated Persons and their Immediate Relatives shall be entitled to formulate a trading plan in accordance with the Regulations ("**Trading Plan**"). The Trading Plan so formulated shall be presented to the Compliance Officer and for public disclosure and such Designated Person(s) or their Immediate Relative(s) may Trade only in accordance with their Trading Plan.

### 7. Trading Window

7.1. The Company shall specify a trading period for trading in the Securities ("**Trading Window**").

7.2. All Designated Persons or their Immediate Relatives shall conduct all their trading in the Securities only when the Trading Window is open and no Designated Person or their Immediate Relatives shall trade in the Securities during the period when the Trading Window is closed or during any other period as may be specified by the Compliance Officer from time to time.

7.3. Unless otherwise specified by the Compliance Officer, the Trading Window shall be closed for all Designated Persons and their Immediate Relatives during the following periods:

7.3.1. closed from the 1<sup>st</sup> of April, the 1<sup>st</sup> of July, the 1<sup>st</sup> of October and the 1<sup>st</sup> of January of every year, and until 2 (two) calendar days after the declaration of the respective Financial results (quarterly, half-yearly and annual); and

7.3.2. *inter alia* be closed 2 (two) calendar days prior to and 2 (two) calendar days after:

- i. any intended announcements regarding amalgamation, mergers, takeovers and buy- back, disposal of whole or substantially whole of the undertaking, issue of Securities by way of public/ rights/bonus etc., any major expansion plans or execution of new projects,
- ii. any changes in policies, plans or operations of the Company that could have a material impact on its financial performance.

7.4. The Trading Window shall be closed when the Compliance Officer or the Board determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information and shall remain closed during the time the Unpublished Price Sensitive Information remains unpublished. The Trading Window shall be opened 48 (forty-eight) hours after the Unpublished Price Sensitive Information is made public.

7.5. In addition to the above, the Compliance Officer may after consultation with any two Directors, declare the Trading Window closed, on an "as-needed" basis for any reason and for such other persons, as the Compliance Officer may deem fit.

7.6. Despite the Trading Window being open, Designated Persons or their Immediate Relatives would only be allowed to Trade subject to the conditions specified in the Clause 8 and provided that they are not in possession of any Unpublished Price Sensitive Information at the time they carry out the transaction.

7.7 The restriction on trading window shall not be applicable in the following circumstances:

- a. the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of the Regulations and both parties had made a conscious and informed trade decision
- b. the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of the Regulations 3 of the Regulations and both parties had made a conscious and informed trade decision;

Provided the transaction mentioned in sub-clauses (a) and (b) above, should not pertain to such unpublished price sensitive information which was obtained in a manner provided under Regulation 3(3) of the Regulations.

- c. the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a

- bona fide transaction.
- d. the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
  - e. the trades were pursuant to a trading plan set up in accordance with Clause 6 above
  - f. Pledge of shares for a bona fide purpose such as raising of funds, subject to pre-clearance by the Compliance Officer under clause 8 and compliance with the respective regulations.
  - g. Transactions undertaken in accordance to respective regulations made by SEBI, such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer.

## **8. Pre-clearance of transactions in Securities**

### **8.1. Applicability**

8.1.1. All Designated Persons/Insiders who (or whose Immediate Relatives) intends to Trade in the Securities in a calendar quarter (either in one transaction or in a series of transactions) of a consideration price exceeding Rs. 10,00,000 (Rupees Ten Lakhs) for the Securities should obtain a prior approval for the transactions as per the procedure described hereunder. This is a mandatory requirement even when the trading window is open.

8.1.2. Any Designated Person/Insider or his/her Immediate Relatives who carries on any transaction or series of transaction to circumvent this clause shall be in violation of this Code. The Insiders are required to contact the Compliance Officer for such pre-clearance who will provide them the requisite documents for the purpose.

**Explanation:** It is clarified that pre-clearance is not required for (1) trades executed in accordance with a Trading Plan which is approved under Clause 6 of this Code; (2) exercise of employee stock options.

### **8.2. Procedure for the purpose of obtaining a prior approval to a transaction**

The Designated Person should make an application (for his/her trading or the trading of his/her immediate relative), in the prescribed form to the Compliance Officer. Such application should be complete and correct in all respects and should be accompanied by such undertakings, declarations, indemnity bonds and other documents/papers as may be prescribed by the Compliance Officer from time to time, in the prescribed form.

### **8.3. Approval**

8.3.1. The Compliance Officer shall consider the application made as above and shall approve it unless he/she is of the opinion that the grant of such approval would result in a breach of the provisions of the Code, or the Regulations or the Act or any other law in force at that time.

8.3.2. The Compliance Officer shall be entitled to seek declarations to the effect that the Designated Person or his Immediate Relative applying for pre-clearance is not in possession of any Unpublished Price Sensitive Information. The Compliance Officer shall also have the discretion to assess and decide as to whether such declarations are factually accurate.

8.3.3. Every approval letter shall be in such format as may be prescribed by the Company from time to time.

8.3.4. The Compliance Officer shall convey his decision to the Designated Person or his Immediate Relative, as the case may be, within 2 (two) Trading Days of receipt of the application. If the Compliance Officer does not respond within 2 (two) Trading Days, it shall be deemed to be a rejection of the application.

8.3.5. Every approval shall be dated and shall be valid for a period of 7 (seven) calendar days or such lesser period as prescribed in the approval.

8.3.6. All transactions involving the Compliance Officer shall be approved by the Managing Director/CEO.

8.3.7. In case any such person procures or comes in possession of Unpublished Price Sensitive Information before execution of the Trade during the subsistence of the pre-clearance sought in accordance with this clause 8.3, such person shall refrain from executing the Trade.

### **8.4. Completion of approved transaction**

8.4.1. All Designated Persons and his Immediate Relative shall ensure that they complete execution of every approved transaction in the Securities as provided in Clause 8.1 within the expiry of the approval period and send within 2 (two) Trading Days of execution of the transaction, the details of such transaction, to the Compliance Officer in such format as may be prescribed by the Company from time to time.

8.4.2. If a transaction is not executed within the approval period, the Designated Person or his Immediate Relative must apply to the Compliance Officer for pre-clearance of the transaction, if they intend to transact again.

#### **8.4.3. Disclosure to Titagarh and stock exchanges**

- i. Transactions by Designated Persons and their Immediate Relatives in accordance with Clause 8.1.1, are required to be disclosed by such persons to the Company within 2 (two) Trading Days of the transaction. The obligation to disclose trading by the Immediate Relatives of Designated Persons or by any other person for whom such Designated Person takes trading decisions, is upon the said Designated Person.
- ii. Off-market trades as mentioned in Clause 7.7(a) shall be reported to the Company within 2 (two) working days
- iii. Additionally, transactions by Designated Persons or their Immediate Relatives in accordance with Clause 8.1.1 in which the consideration price for Securities exceeds Rs. 10,00,000/- (Rupees Ten Lakhs) are required to be disclosed by the Company to the stock exchanges within 2 (two) Trading Days of receipt of disclosure from Designated Persons or their Immediate Relatives.

#### **8.5. Advice regarding Pre-Clearance**

In case of doubt, Designated Persons and their Immediate Relatives shall be responsible to check with the Compliance Officer or one of the contact persons designated by the Compliance Officer, if any, from time to time, whether the provisions of this Clause 8 are applicable to any particular proposed transaction in the Securities.

#### **8.6. Reporting and Disclosure**

8.6.1. The Compliance Officer shall place before the Board/Audit Committee, on a quarterly basis, all the details of the trading in the Securities of the Company done by the Designated Persons or their Immediate Relatives under Clause 8.4 together with the accompanying documents that such persons had executed under the pre-approval procedure as outlined above.

8.6.2. The Company shall be entitled to disclose to all the stock exchanges where its Securities are listed, the information provided by Designated Persons or their Immediate Relatives to the Compliance Officer in accordance with the Code.

#### **9. Penalty for Contravention**

9.1. Every Designated Person is individually responsible for complying with the applicable provisions of the Code (including to the extent the provisions hereof are applicable to the Immediate Relatives of the Designated Persons).

9.2. Any person who violates this Code shall be deemed to be in violation of the Company's Code of Conduct, the penalty for which shall be decided as per the discretion of the Compliance Officer after discussion with the Board/Audit Committee, where necessary and whether the violation was intentional or unintentional.

9.3. For a transaction involving the Chairman of the Company, the Chairman of the Audit Committee shall decide the penalty and whether the violation was intentional or unintentional.

9.4. Besides the above stated penalties, sanctions such as, wage freeze, suspension, recovery, and claw back may also be imposed on the Designated Person who has violated any of the provisions of this Code or the Regulations.

9.5. Where necessary, the Company shall inform SEBI and any other applicable regulatory authority for any instances of violation of this Code or the Regulations which comes to the Company's knowledge. In addition to the action taken by the Company, the Designated Person or his/her Immediate Relatives who has violated the provisions of this Code shall provide any information required by and comply with any order passed by SEBI or other regulatory authorities under any other applicable laws/rules/regulations.

#### **10. Interpretation or clarification**

In case any difficulty or doubt arises in the interpretation of the Code, the matter shall be referred to any two Directors and their decision shall be final and binding. If the issue involves any act or matter involving the Chairman, the Chairman of the Audit Committee shall decide upon such issue.

#### **11. Enquiries**

For any questions regarding whether they possess or have access to Unpublished Price Sensitive Information, Designated Persons or their Immediate Relatives may contact the Compliance Officer.

## **12. Disclaimer**

The Code is the internal policy of the Company to regulate Designated Persons and their Immediate Relatives who may be considered by the Company to be in possession of Unpublished Price Sensitive Information for the purposes of the Regulations, from Communicating and Trading. It is however the responsibility of each Designated Person to ensure compliance with the provisions of the Regulations and other related laws and also on behalf of its Immediate Relatives. The Company shall not be responsible or liable for any violation or contravention by any Designated Person or their Immediate Relatives, of the Regulations or other related laws.

## **13. Action in case of default**

Any contravention of this Code and the Regulations shall be dealt with in accordance with the Act<sup>1</sup>.

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*[Adopted by the Board on 29<sup>th</sup> May, 2019 in supersession of the previous Codes].*

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<sup>1</sup> All Insiders are requested to refer to a copy of this Code available on the website of the Company [www.titagarh.in](http://www.titagarh.in) and the SEBI (Prohibition of Insider Trading Regulations), 2015 (the Regulations) as may be amended from time to time and abide them. The Code and the Regulations are to be adhered to by the Insiders in letter and spirit and the Company or Compliance Officer shall not be responsible for contravention of the Code/Regulations.