



Persistent Systems Limited

**CODE OF PRACTICE AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE
INFORMATION**

FOR PREVENTION OF INSIDER TRADING

**PURSUANT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING)
REGULATIONS, 2015**

Code of Practices for Fair Disclosure of Unpublished Price Sensitive Information for the Prevention of Insider Trading

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time (hereinafter referred to as “the Regulations”), have been laid down to prevent “Insider Trading”.

“Insider Trading” takes place when any person who is or was connected with the Company or deemed to have been connected with the Company and who has or can be reasonably expected to have access to Unpublished Price Sensitive Information (UPSI), deals in the securities of the Company on the basis of the Unpublished Price Sensitive information, informs, communicates, counsels or procures any Unpublished Price Sensitive information to any person should not deal in securities of the Company while in possession of such UPSI.

Such dealings may tend to cause the Insider to unfairly gain or unfairly avoid losses vis-à-vis the ordinary investors.

1. Purpose

As per Regulation 8(1) of the Regulations, every Listed Company is required to follow the principles of Fair Disclosures for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as specified in Schedule A for prevention of insider trading and prompt dissemination of Price Sensitive Information. This document reproduces the Code of Practices for Fair Disclosure of Unpublished Price Sensitive Information for the Prevention of Insider Trading as applicable to **Persistent Systems Limited** (“the Company”)

2. Definitions

a. Chief Investor Relations Officer:

For the purpose of this Code, the Chief Investor Relations Officer will be such person who would be designated by the Board of Director of the Company from time to time.

b. Compliance Officer:

In terms of Clause 2(c) of the Regulations, “Compliance Officer” means any senior officer, designated so and reporting to the Board of Directors or head of the organization in case board is not there, 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 listed Company or the head of an organization, as the case may be; For the purpose of this Code, the Company Secretary of the Company will be the Compliance Officer of the Company.

c. Connected Person:

In terms of Clause 2(d) of the Regulations, “Connected Person” means any person who:

- i. any person who is or has during the six months prior to the concerned act been associated with the 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 Securities Exchange Board of India Act, 1992 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
[“public financial institution” means—
 - i. the Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956;
 - ii. the Infrastructure Development Finance Company Limited, referred to in clause (vi) of sub-section (1) of section 4A of the Companies Act, 1956 so repealed under section 465 of this Act;
 - iii. specified Company referred to in the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
 - iv. institutions notified by the Central Government under sub-section (2) of section 4A of the Companies Act, 1956 so repealed under section 465 of the Companies Act, 2013;
 - v. such other institution as may be notified by the Central Government in consultation with the Reserve Bank of India:
Provided that no institution shall be so notified unless—
 - (A) it has been established or constituted by or under any Central or State Act; or
 - (B) not less than fifty-one per cent. of the paid-up share capital is held or controlled by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments;]
 - 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;

Explanation: For the purpose of this definition the words “Connected Persons” shall mean any immediate relative of the connected persons.

- d. **Director** shall mean all the Directors of the Company whether executive, non-executive or independent.

- e. **Designated Persons** shall mean

Employees and connected persons designated on the basis of their functional role in the organisation shall be governed by an internal code of conduct governing dealing in securities. The Board of Directors shall in consultation with the Compliance Officer specify the designated persons to be covered by such code on the basis of their role and function in the organisation. Due regard shall be given to the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.

- f. **Employee** includes permanent and contractual employees, associates, consultants and trainees of the Company and its subsidiaries.

- g. **Generally Available Information:**

In terms of Clause 2(e) of the Regulations, Generally Available Information means information that is accessible to the public on a non-discriminatory basis;

Explanation: For the purpose of this definition the words “Generally Available Information” shall mean any information published on the website of the Company and / or on the website of the Stock Exchanges where the securities of the Company are listed.

- h. **Immediate Relative**

In terms of Clause 2(f) of the Regulations, “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:**

In terms of Clause 2(g) of the Regulations, Insider means a person who:

- i. a connected person; or
- ii. in possession of or having access to unpublished price sensitive information;

j. Person deemed to be a connected person:

“A person is deemed to be a connected person” if such person:

- i. is a Company under the same management or group or any subsidiary Company thereof within the meaning of section (1B) of section 370, or sub section (11) of Section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be; or
- ii. is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub-broker, Investment Company or an employee thereof, or, is a member of the 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 who has a fiduciary relationship with the Company; or
- iii. is a relative of any of the aforementioned persons as per Section 2(77) of the Companies Act, 2013; or
- iv. is a banker of the Company.

k. Promoter:

In terms of Clause 2(h) of the Regulations, "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;

For the purpose of this Code, the Promoter of the Company shall be:

- a. Dr. Anand Deshpande and
- b. Mr. S. P. Deshpande

l. Regulations:

“Regulations” shall mean Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

m. Securities shall mean securities of the Company which includes:

- i. Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature.
- ii. Puts, calls or any other option on the Company’s Securities even though they are not issued by the Company.
- iii. Futures, derivatives and hybrids and
- iv. Such other instruments as may be declared to be such by the Compliance Officer from time to time.

n. Takeover Regulations:

In terms of Clause 2(k) of the Regulations, “Takeover Regulations” means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

- o. Threshold Limit** shall mean the dealing limit in Securities specified in Clause 8 of this Code as revised from time to time by Board of Directors of the Company in consultation with the Compliance Officer.

All Promoters, Directors, Key Managerial Personnel and Designated Persons intending to deal in the Securities of the Company beyond the Threshold Limit should pre clear their transaction as per procedure mentioned in the Code.

- p. Trading:**

In terms of Clause 2(l) of the Regulations, "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;

- q. Trading Day:**

In terms of Clause 2(m) of the Regulations, "Trading Day" means a day on which the recognized stock exchanges are open for trading;

- r. Trading Window** is a period to be specified by the Company for trading in the Company's Securities by Promoters / Directors / Key Managerial Personnel / Designated Persons and their Immediate Relatives. Promoters / Directors / Key Managerial Personnel / Designated Persons and their Immediate Relatives will not be able to deal in Company's Securities if the Trading Window is intimated as being closed by the Company. The detailed information about opening and closing of Trading Window is given in Clause 9 of this Code. The Trading Window shall be closed during the time Price Sensitive Information remains unpublished and shall open 48 hours after the information is made public.

- s. Unpublished Price Sensitive Information:**

In terms of Clause 2(n) of the Regulations, "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. Periodical financial results of the Company;
- ii. Intended declaration or recommendation of dividends (both interim and final);
- iii. Issue of securities or buy-back of securities or any other corporate action resulting to change in capital structure;
- iv. Any major expansion plans or execution of new projects;
- v. Amalgamation, mergers or takeovers, de-mergers, acquisitions, delistings, and such other transactions;
- vi. Disposal of the whole or substantial part of the undertaking;
- vii. Significant changes in the policies, plans or operations of the Company;
- viii. changes in key managerial personnel; and

- ix. material events in accordance with the listing agreement.

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.

In terms of the Regulations, every listed Company is mandatorily required to formulate and implement a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these Regulations.

3. Purpose

As per Regulation 8(1) of the Regulations, every Listed Company is required to follow the principles of Fair Disclosures for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as specified in Schedule A for prevention of insider trading and prompt dissemination of Price Sensitive Information. This document reproduces the Code of Practices for Fair Disclosure of Unpublished Price Sensitive Information for the Prevention of Insider Trading as applicable to **Persistent Systems Limited** ("Company")

4. Fair Disclosure of Unpublished Price Sensitive Information

To ensure timely and adequate disclosure of unpublished price sensitive information, the following norms shall be followed by the Company

5. Prompt disclosure of unpublished price sensitive information

- a. Unpublished price sensitive information shall be given by the Company to stock exchanges and disseminated on a continuous and immediate basis to make the UPSI generally available. Selective information shall also uploaded on the Company's website for its wider circulation.
- b. Company may also consider ways of supplementing information released to stock exchanges by improving Investor access to their public announcements.
- c. Company shall also ensure that such information is disseminated in a uniform and universal manner in order to avoid selective disclosures.
- d. The Chief Investor Relations Officer or the Compliance Officer shall ensure that the UPSI that gets disclosed selectively, advertently or otherwise, be made generally available.

6. Overseeing and coordinating disclosure

- a. The Company has designated Chief Financial Officer as the Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- b. The officials shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and coordinating disclosure of unpublished price sensitive information to stock exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.

- c. Information disclosure/dissemination may normally be approved in advance by the official designated for the purpose by the Compliance Officer.
- d. If information is accidentally disclosed without prior approval, the person responsible may inform the designated officer immediately, even if the information is not considered price sensitive.

7. Responding to market rumors

- a. The Company shall have clearly laid down procedures for responding to any queries or requests for verification of market rumors by exchanges.
- b. The official designated for corporate disclosure shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumors and then making the disclosure.

8. Timely Reporting of shareholdings or ownership and changes in ownership

Disclosure of shareholdings/ownership by major shareholders and disclosure of changes in ownership as provided under any Regulations made under the Securities Exchange Board of India Act, 2015 and the listing agreement shall be made in a timely and adequate manner.

9. Disclosure or dissemination of Unpublished Price Sensitive Information with special reference to Analysts, Institutional Investors

The Company should follow the guidelines given hereunder while dealing with analysts and institutional investors:

- a. Only Public information to be provided – The Company shall provide only public information to the analyst or research persons or large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.
- b. Recording of discussion - In order to avoid misquoting or misrepresentation, it is desirable that at least two Company representatives be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.
- c. Handling of unanticipated questions – The Company should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. 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.
- d. Simultaneous release of Information - When the Company organises meetings with analysts, the Company shall make a press release or post relevant information on its website after every such meet. The Company may also consider live web casting of analyst meets.
- e. Making Transcripts or records of proceedings of Meeting with Analyst and other Investor Relations Conferences: The Company shall 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.

10. Medium of disclosure or dissemination

- a. Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- b. Company shall ensure that disclosure to stock exchanges is made promptly.
- c. Company may also facilitate disclosure through the use of their dedicated Internet website.
- d. Company websites may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.
- e. The information filed by Company with exchanges under continuous disclosure requirement may be made available on the Company website.

11. Dissemination by stock exchanges

- a. The disclosures made to stock exchanges may be disseminated by the exchanges to investors in a quick and efficient manner through the stock exchange network as well as through stock exchange websites.
- b. Information furnished by the companies under continuous disclosure requirements, should be published on the website of the exchange instantly.
- c. Stock exchanges should make immediate arrangement for display of the information furnished by the companies instantly on the stock exchange website.

12. Preservation of Price Sensitive Information:

The Company shall handle all the Unpublished Price Sensitive Information strictly on “Need to Know Basis”.

Promoters, Directors, Key Managerial Personnel and Designated Persons should disclose UPSI only to those within the Company who need the information to discharge their lawful duties and whose possession of such information will not give appearance of misuse of the information (“Need to Know Basis”).

All the Employees acquiring the UPSI shall ensure that the disclosure is strictly on a Need to Know Basis.

No Promoter, Director, Key Managerial Personnel, Designated Persons and other Employee shall pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities of the Company.

13. Trading Plan:

Trading Plan gives an opportunity to the insider to plan the trades to be executed in future. It gives an option to persons who may be perpetually in possession of UPSI and enables them to trade in securities in a compliant manner as the trades had been pre-decided even before the UPSI came into being. There are certain additional duties of Compliance officer with respect to the reviewing, approving and monitoring the Trading Plan.

In terms of Regulation 5, the insider is provided with an option to trade in securities in a compliant manner in the following manner:

- a. An insider is entitled to formulate a trading plan which has to be approved by the Compliance Officer and a public disclosure of such plan has to be made.
- b. A Trading Plan can be commenced only after 6 months from the date of the public disclosure. Such a period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. However, this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same UPSI both at the time of formulation of the plan and implementation of the same.
- c. The Trading Plan should not entail / provide for the trades to be made from the twentieth trading day prior to the last day of the financial period for which the results are required to be announced and the second trading day after the disclosure of such financial results. The Trading Plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of Unpublished Price Sensitive Information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate Unpublished Price Sensitive Information.
- d. The Trading Plan has to be made for a minimum period of at least 12 months.
- e. Only one Trading Plan can be made to cover the trades to be made in a particular period.
- f. The Trading Plan should 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
- g. The Plan should not entail trading in securities for market abuse. For instance, in the event of manipulative timing of the release of Unpublished Price Sensitive Information to ensure that trading under a trading plan becomes lucrative in circumvention of regulation 4 being detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003.
- h. The Plan once approved by the Compliance Officer 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.

Note: *The implementation of the trading plan shall not be commenced if any UPSI 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 UPSI becomes generally available information. This is intended to address the prospect that despite the six-month gap between the formulation of the Trading Plan and its commencement, the UPSI in possession of the insider is still not generally available.*

- i. Once the Trading Plan is approved, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

14. Trading Window – opening and closing:

Trading Window shall remain closed during the events which may include as follows:

| Sr. No. | Event | Window to remain close | |
|---------|---|--|---|
| | | From | To |
| 1 | Declaration of Financial Results for the quarter ended June 30 | Earlier of the date of the circulation of the agenda for the meeting of the Board OR the end of June 23 | 48 hours after submission to the Stock Exchange |
| 2 | Declaration of Financial Results for the quarter and period ended September 30 | Earlier of the date of the circulation of the agenda for the meeting of the Board OR the end of September 23 | As Above |
| 3 | Declaration of Financial Results for the quarter and period ended December 31 | Earlier of the date of the circulation of the agenda for the meeting of the Board OR the end of December 24 | As Above |
| 4 | Declaration or recommendation of Financial Results for the quarter and year ended March 31 | Earlier of the date of the circulation of the agenda for the meeting of the Board OR the end of March 24 | As Above |
| 5 | Declaration and recommendation of Dividends (Interim or Final) | Earlier of the date of the circulation of the agenda for the meeting of the Board of Directors OR Intimation to Stock Exchange | 48 hours after intimation to the Stock Exchange |
| 6 | Issue of Securities by way of public or rights or bonus, split, buyback or any etc. | Earlier of the date of the circulation of the agenda for the meeting of the Board of Directors OR Intimation to Stock Exchange | 48 hours after intimation to the Stock Exchange |
| 7 | Any major expansion plans or execution of new projects or contracts | Earlier of the date of the circulation of the agenda for the meeting of the Board of Directors OR Intimation to Stock Exchange | 48 hours after intimation to the Stock Exchange |
| 8 | Amalgamation, merger, demerger, delisting, takeover, asset acquisitions and expansion of business | Earlier of the date of the circulation of the agenda for the meeting of the Board of Directors OR Intimation to Stock Exchange | 48 hours after intimation to the Stock Exchange |
| 9 | Disposal of whole or substantially whole of the | Earlier of the date of the circulation of the agenda for | 48 hours after intimation to the Stock |

| Sr. No. | Event | Window to remain close | |
|---------|--|--|---|
| | | From | To |
| | undertaking | the meeting of the Board of Directors OR Intimation to Stock Exchange | Exchange |
| 10 | Any changes in plans policies or operations of the Company | Earlier of the date of the circulation of the agenda for the meeting of the Board of Directors OR Intimation to Stock Exchange | 48 hours after intimation to the Stock Exchange |

Provided that:

- i. As regards closure of Trading Window in respect of other Price Sensitive Information of the Company, the Compliance Officer will decide and intimate to all concerned, the date of closure of Trading Window and re-opening thereof at the appropriate time.
- ii. The Compliance Officer may also declare that the Trading Window shall be closed for an additional period for specified Employees for a described period from time to time ("Additional Closure").
- iii. Where the Company expects the Stock Exchange to maintain the confidentiality of any information intimated to the Stock Exchange, the Trading Window will open 48 hours after the information is made public by the Company.