



**Varun Beverages Limited**

**Code of Conduct for Prohibition of  
Insider Trading**

# Code of Conduct for Prohibition of Insider Trading

Securities and Exchange Board of India (“SEBI”) through its Gazette Notification dated January 15, 2015 issued the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”) to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof. These Regulations replace the SEBI (Prohibition of Insider Trading) Regulations, 1992 with effect from the 120<sup>th</sup> day from January 15, 2015.

Regulation 9 of the Regulations requires the board of directors of every listed company and market intermediary to formulate a code of conduct to regulate, monitor and report trading by its employees and other ‘connected persons’ towards achieving compliance with the Regulations, adopting minimum standards as set out in Schedule B of the Regulations, without diluting the provisions of the Regulations in any manner.

Section 195 of the Companies Act, 2013 provided that “No person including any director or key managerial personnel of a company shall enter into insider trading.

In the above context, Varun Beverages Limited (the “Company”) has formulated this Code of Conduct for Prohibition of Insider Trading (“Code”).

The Board of Directors of the Varun Beverages Limited (the “Company”) have adopted the Insider Trading Code to comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (SEBI Regulations ) of the Company on March 28, 2016.

The SEBI Regulations prohibit an Insider from Trading in the Securities of a Company listed on any stock exchange on the basis of unpublished price sensitive information.

“Unpublished Price Sensitive Information” (UPSI) means any information, which relates directly or indirectly, to the Company or its securities, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities of the Company.

“Generally available” information means information that is accessible to the public on a non-discriminatory basis.

UPSI includes, without limitation, information relating to the following:

- a. Financial results, financial condition, projections, forecasts of the Company;
- b. Dividends (both interim and final);
- c. Change in capital structure;
- d. Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- e. Changes in Board of Directors or Key Managerial Personnel; and
- f. Material events in accordance with the listing regulations / agreement.

The SEBI Regulations prohibit the communication of UPSI to any person except as required under law. Further, procuring any person to trade in the securities of any company on the basis of UPSI is also prohibited under SEBI Regulations.

Violations of the SEBI Regulations subject to Insiders to severe penalties including fines and imprisonment.

## 1. Code

The Code shall be called “Code for Trading in the Securities of Varun Beverages Limited by an Insider (**Code**). The Code will come into force with immediate effect.

## 2. Definitions

A. “**Compliance Officer**” means the Company Secretary for the purpose of administration of the Insider Trading Code.

### B. **Connected Person**

“**Connected Person**” means a connected person as defined in Regulation 2(1)(d) of the Regulations and for the purposes of this Code, includes 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.

The person enumerated below shall also be deemed to be Connected Persons if such persons have access to UPSI or is reasonably expected to have access to UPSI.

- a. An immediate Relative of Connected Person
- b. A holding Company or associate company or subsidiary company
- c. An intermediary as specified in Section 12 of the SEBI Act or an employee or director thereof
- d. An investment company, trustee company, assets management company or an employee or director thereof
- e. An official of a Stock Exchange or of clearing house or corporation
- 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;
- 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;
- h. An official or an employee of a self-regulatory organization recognised or authorized by the SEBI;
- i. A banker of the Company;
- 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 percent of the holding or interest.

### C. “**Designated Persons**”

The term Designated Person shall consist of, Connected Persons who are:

- a) Promoters of the Company
- b) Board of directors of the Company
- c) Key Managerial Personnel of the Company
- d) All employees of Secretarial Department
- e) General Manager and above of Legal, Accounts and Investor’s Relation Department
- f) Immediate Relative(s) of the persons mentioned above.

D. **Chinese Wall**” means the limit up to which an information may be revealed by an Insider in furtherance of the Insider’s legitimate purposes, performance of duties or discharge of his legal obligations.

E. **Director**

“Director” shall have the meaning assigned to it under the Companies Act, 2013.

F. **Immediate Relative**

“Immediate Relative” of a person means a spouse, or the parent, sibling or child of that person or his or her spouse, if they are either dependent financially on such person or consult such person in taking decisions relating to Trading in securities.

G. **Insider**

An “Insider” means any person who is:

- (i) a Connected Person or
- (ii) in possession of or having access to UPSI.

H. **Key Managerial Personnel**

“Key Managerial Personnel” shall have the meaning assigned to it under the Companies Act, 2013.

I. **Officer**

“Officer” shall have the meaning assigned to it under the Companies Act, 2013.

J. **Promoter**

“Promoter” shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

K. **Securities**

“Securities” shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 or any modification thereof except units of a mutual fund.

L. **Trading**

“Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.

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

**1. Prohibition on communicating or procuring UPSI**

An Insider shall not –

- i. communicate, provide, or allow access to any UPSI, relating to the Company or its securities, to any person including other insiders, except to the extent allowed by these Rules;
- ii. procure from or cause the communication by an Insider of UPSI, relating to the Company or its securities;

Provided that nothing contained above shall be applicable when an UPSI is communicated, provided, allowed access to or procured:

- (i) in furtherance of legitimate purposes, performance of duties or discharge of legal obligations pursuant to appropriate confidentiality and non-disclosure agreements being executed; or
- (ii) in the event the Board of Directors direct or cause the public disclosure of UPSI in the best interest of the Company; or
- (iii) within a group of persons if such persons have been identified and secluded within a “Chinese Wall” or information barrier by the Compliance Officer from the rest of the Company for a particular purpose or for a specified period of time in furtherance of legitimate purposes, performance of duties or discharge of legal obligations, and are subjected to, among other conditions, additional confidentiality obligations, information barriers designed to prevent exchanges of UPSI outside the “Chinese Wall”, and the execution of an undertaking by such persons to abstain and / or forego Trading during such seclusion or till the UPSI no longer constitutes UPSI.

## **2. Prohibition on Insider Trading**

An Insider shall not, directly or indirectly,

- i. Trade in securities that are listed or proposed to be listed when in possession of UPSI;
- ii. Trade in securities of the Company except when the Trading Window is open and the Insider is not in possession of UPSI.

Provided the restriction in 2 (i) above shall not apply to:

- a) a transaction that is an off-market inter-se transfer between Promoters who were in possession of the same UPSI without being in breach of these Rules and both parties had made a conscious and informed trade decision; and
- b) Trades pursuant to a Trading Plan set up in accordance with these Rules.

## **3. ESOPs of the Company**

- a) Exercising of ESOPs of the Company by its employees may be made at any time in accordance with the Company ESOP Scheme irrespective of trading window restrictions.
- b) No prior approval is required for exercising Options under ESOPs Scheme of the Company. However, pre-clearance should be obtained by Designated Persons for sale of such shares.
- c) There would be no minimum holding period requirement applicable for equity shares allotted pursuant to the ESOP Scheme.

## **4. Trading Window**

- a) The Compliance Officer shall notify a ‘**trading window**’ during which the Designated Persons may Trade in the Company’s securities after securing pre-clearance from the Compliance Officer in accordance with these Rules.

- b) Designated Persons shall not Trade in the Company's securities when the trading window is closed.
- c) *The trading window shall generally be closed for all Insiders during the period commencing from the seventh day before the Board Meeting where the financial results are to be considered and approved till publication / disclosure of the same to the general public.*
- d) Additionally, the trading window shall be closed in particular for a Designated Person or class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- e) *The trading window may be re-opened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.*

## 5. Pre-clearance of Trading

- a. Designated Persons may Trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application as per **Annexure 1** and an undertaking as per **Annexure 2**.
- b. The Compliance Officer shall not approve any proposed Trade by Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.
- c. The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve Trading by a Designated Person, on the condition that the Trade so approved shall be executed within seven trading days following the date of approval.
- d. *The Designated Person shall, within two days of the execution of the Trade, submit the details of such Trade to the Compliance Officer as per **Annexure 3**. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.*
- e. *If the pre-cleared Trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.*
- f. A Designated Person who Trades in securities without complying with the preclearance procedure as envisaged in these Rules or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the pre-clearance procedure shall be subjected to the penalties as envisaged in these Rules.
- g. Nothing in this rule shall apply to any Transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value less than Rs. Ten lakh ( a "*de minimis* Trade") provided the Designated Person is not in possession of UPSI while executing the *de minimis* trade.

## 6. Additional trading restrictions on Designated Persons

- a. *No Director or Key Managerial Personnel shall enter into derivative transactions in respect of the securities of the Company.*
- b. *All Designated Persons who Trade in the securities of the company shall not enter into an opposite transaction during the next six months following the prior transaction.* 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 SEBI for credit to the Investor Protection and Education Fund administered by SEBI.

## 7. Trading Plan

- a. A Designated Person shall be entitled to formulate a Trading Plan that complies with the SEBI Regulations (a “Trading Plan”) and present it to the Compliance Officer for approval and public disclosure pursuant to which Trades may be carried out in his behalf in accordance with such plan.
- b. The Compliance Officer shall review and approve the Trading Plan if it complies with the SEBI Regulations and shall disclose the Trading Plan to the stock exchanges.
- c. The Trading Plan once approved shall be irrevocable and the Designated Person 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 Designated Person is in possession of UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Trading Plan shall be deferred until such UPSI becomes generally available information. Further, the Designated Person shall also not be allowed to Trade 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.

## 8. Penalty for Insider Trading

A. Under Section 15G of the SEBI Act, any Insider who indulges in insider trading in contravention of regulation will be liable to a penalty which shall not be less than Rupees Ten Lakh but which may extend to Rupees 25 Crore or three times of the amount of profits made out of insider trading, whichever is higher.

B. As per Section 195 of the Companies Act, 2013 any Insider contravenes the provisions of this section, he/she shall be punishable with imprisonment for a term which may extend to five years or with fine which shall not be less than five lakhs rupees but which may extend to twenty five crore rupees or three time the amount of profits made out of insider trading, whichever is higher, or with both.

## 9. Disclosure requirements

### A. Initial Disclosure:

- i. Every Promoter, Key Managerial Personnel, director of the Company shall disclose his holding of securities of the Company within thirty days of these Rules taking effect as per **Form A** set out in **Annexure 4**.

- ii. Every person on appointment as a Key Managerial Personnel or a director of the Company or upon becoming a Promoter shall disclose his / her 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, as per **Form B** set out in **Annexure 5**.

#### **B. Continual Disclosure:**

- b. Every Promoter, employee, director of the Company shall disclose as per **Form C** set out in **Annexure 6** to the Company the number of such securities acquired or disposed of **within two trading days** of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. Ten lakh.
- c. The disclosure shall be made within two working days of:
  1. the receipt of intimation of allotment of shares, or
  2. the acquisition or sale of shares or voting rights, as the case may be.

#### **C. Disclosure to the Stock Exchange:**

The Compliance Officer shall notify the stock exchanges, particulars of the Trades, within two trading days of the receipt of the Continual Disclosure or from becoming aware of such information.

#### **D. Disclosures by other Connected Persons.**

The Compliance Officer may, require any other Connected Person to disclose the holdings and trading in securities of the Company as per **Form D** set out in **Annexure 7** at such frequency as he may determine.

#### **E. Code of Fair Disclosure:**

A code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles is set out below:

- a. Prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- b. Uniform and universal dissemination of UPSI to avoid selective disclosure.
- c. The Company Secretary shall act as Chief Investor Relations Officer (CIRO) to deal with dissemination of information and disclosure of UPSI.
- d. Prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- e. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
- f. Ensuring that information shared with analysts and research personnel is not UPSI.
- g. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
- h. Handling of all UPSI on a need-to-know basis.



## 10. Miscellaneous

- a. The Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.
- b. The Compliance Officer shall provide the Audit Committee of the Board, on a quarterly basis, all the details of Trading in securities by the Designated Persons including any violations of the Rules.
- c. The Compliance Officer shall maintain :
  - i. updated list of Designated Persons,
  - ii. records of disclosures and pre-clearance applications and undertakings for a period of five years and
  - iii. a confidential list of any 'restricted securities' which includes equity shares or any other securities convertible into equity shares of the Company to which the Compliance Officer may require Designated Persons to seek pre-clearance before Trading in such 'restricted securities'.
- d. The Company shall require all Connected Persons to formulate and adhere to a code of conduct to achieve compliance with these Rules. In case such persons observe that there has been a violation of these Rules, then they shall inform the Board of Directors / Compliance Officer of the Company promptly.

## Annexure 1

### APPLICATION FOR PRE-TRADING APPROVAL

To,  
The Compliance Officer,  
Varun Beverages Limited.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I seek approval to purchase / sell / subscribe \_\_\_\_\_ equity shares of the Company as per details given below:

1.	Name of the applicant	
2	Designation	
3	Number of securities held as on date	
4	Folio No. / DP ID / Client ID No	
5	The proposal is for	(a) Purchase of securities (b) Subscription to securities (c) Sale of securities
6	Proposed date of trading in securities	
7	Estimated number of securities proposed to be purchased/subscribed/sold	
8	Current market price (as on date of application)	
9	Whether the proposed transaction will be through stock exchange or off-market trade	
10	Folio No. / DP ID / Client ID No. where the securities will be credited / debited	

I enclose herewith the Undertaking signed by me.

Signature: \_\_\_\_\_

Name:

Date:

## Annexure 2

### UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRECLEARANCE

To,  
The Compliance Officer,  
Varun Beverages Limited

I, \_\_\_\_\_, \_\_\_\_\_ of the Company residing at \_\_\_\_\_, am desirous of trading in \_\_\_\_\_ shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing this Undertaking.

In the event that I have access to or receive any unpublished price sensitive information after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from trading in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Rules as notified by the Company from time to time.

In the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its directors and officers, (the 'indemnified persons') for all losses, damages, fines, expenses, suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defence, or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.

I undertake to submit the necessary report within two days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the trade within seven days of the receipt of approval failing which I shall seek pre-clearance afresh.

I declare that I have made full and true disclosure in the matter.

Signature: \_\_\_\_\_

Name:

Date:

### Annexure 3

#### DISCLOSURE OF TRANSACTIONS

(To be submitted within 2 days of transaction / trading in securities of the Company)

To, The Compliance Officer,  
Varun Beverages Limited.

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_ (date)  
(strike out whichever is not applicable)

Name of holder	No. of securities traded	Bought / sold / subscribed	DP ID/Client ID/Folio No.	Price (Rs.)

I declare that the above information is correct and that no provisions of the Company's Rules and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Signature: \_\_\_\_\_

Name:

Date:

**Annexure 4****Form A****Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (a) read with Regulation 6 (2)]**

To,  
The Compliance Officer,  
Varun Beverages Limited (ISIN: \_\_\_\_\_)

Details of Securities held by Promoter, Key Managerial Personnel, Director and other such persons as mentioned in Regulation 6(2) of SEBI Regulations.

Name, PAN No., CIN / DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors /immediate relatives/others etc.)	Securities held as on the date of regulation coming into force		% of Share holding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No .		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms

Signature:

Designation:

Date:

Place:

**Annexure 5****Form B****Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (a) read with Regulation 6 (2)]**

To,  
 The Compliance Officer,  
 Varun Beverages Limited (ISIN: \_\_\_\_\_)

Details of Securities held on appointment of Key Managerial Personnel or Director or upon becoming a Promoter of Listed Company and other such persons as mentioned in Regulation 6(2) of SEBI Regulations.

Name, PAN No., CIN / DIN & address with contact nos.	Category of Person (Promoter s/ KMP / Directors /immediate relatives / others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Share holding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
			Type of security (For e.g. – Shares, Warrants Convertible Debentures etc.)	No.		No. Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms

Signature:

Designation:

Date:

Place:

**Annexure 6**

**FORM C**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (2) read with Regulation 6(2)]**

To,  
The Compliance Officer,  
Varun Beverages Limited (ISIN: \_\_\_\_\_)

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2) of the SEBI Regulations.

Name PAN No., CIN / DIN, & address of Promoter/ Employee / Director with contact nos.	Category of Person (Promoters/ KMP / Directors / immediate relatives /others etc.)	Securities held prior to acquisition/disposal		Securities acquired / Disposed		% of shareholding		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to the company	Mode of acquisition (market purchase / public rights/ preferential offer / off market/ Inter-se transfer etc.)	Trading in derivatives (Specify type of contract, Futures or Options etc.)				Exchange
		Type of security	No	Type of Security	No	Pre transaction	Post transaction	From	To			Buy		Sell		
												Value	No. of units	Value	No. of units	

Signature:  
Designation:  
Date:  
Place:

**Annexure 7**

**FORM D**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Regulation 7(3) – Transactions by other connected persons as identified by the company**

PAN No., CIN/DIN, & address of connected persons, as identified by the company with contact no's	Connection with the company	Securities held prior to acquisition/disposal		Securities acquired / Disposed		% of shareholding		Date of allotment advice/acquisition of shares/sale of shares specify		Date of intimation to the company	Mode of acquisition (market purchase / public rights/preferential offer / off market/ Inter-se transfer etc.	Trading in derivatives (Specify type of contract, Futures or Options etc.)				Exchange
		Type of security	No	Type of Security	No	Pre transaction	Post transaction	From	To			Buy		Sell		
												Value	No. of units	Value	No. of units	

Signature:

Designation:

Date:

Place: