

RAINBOW FOUNDATIONS LIMITED

CODE OF PRACTICES & PROCEDURES

FOR

FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

APPROVED BY THE BOARD OF DIRECTORS

CODE OF PRACTICES & PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

INTRODUCTION:

Pursuant to Regulation 8(1) the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has a Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information (UPSI), as adopted by the Board of Directors of the Company

SEBI has vide notification dated 31st December 2018, amended SEBI (Prohibition of insider Trading) Regulations, 2015 effective from 1st April 2019. As required under the said Regulations, a revised Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), (hereinafter referred to as the “Code”) has been framed for adoption by the Board of Directors of the Company. The said Code shall supersede the earlier Code and shall be effective from 1st April 2019.

Definitions:

- a) “**Board**” means the Board of Directors of the Company

- b) “**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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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. Board of Directors may change this nomination and notify any other person to the role of the Compliance Officer. Such notification shall be effective from the date on which the change is published on the website of the Company

c) “**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 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 recognized 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

d) “**Insider**” means any person who is:

i. A connected person; or

ii. In possession of or having access to unpublished price sensitive information

- e) “**Legitimate purposes**” shall include sharing of UPSI 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 the said Regulations.
- f) “**Trading**” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly
- g) “Trading Day” means a day on which the recognized stock exchanges are open for trading.
- h) “**Unpublished Price Sensitive Information (UPSI)**” means any information, relating to the 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;

Other terms not specifically defined here shall have the same meaning as assigned under the said Regulations.

Objective

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Role of Compliance Officer

The compliance officer shall report to the Board of Directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors, but not less than once in a year.

The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's aforesaid Codes.

Prohibition on Dealing, Communicating or Counseling on Matters Relating to Insider Trading

No Insider shall: -

- Either on his own behalf, or on behalf of any other person, deal in securities of the Company when in the possession of any unpublished price sensitive information;
- 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.

Internal controls

All employees who have access to unpublished price sensitive information are identified as designated employee

All the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 regulations

Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations

Lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons

Trading Plan

A Designated Person shall be entitled to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his/her behalf in accordance with such plan

Trading plan shall:

- Not entail commencement of trading on behalf of the Insider earlier than six months from the public disclosure of the plan;
- Not entail trading for the period between twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- Entail trading for a period of not less than twelve months;
- Not entail overlap of any period for which another trading plan is already in existence;
- 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
- Not entail trading in securities for market abuse

The Compliance officer may review and seek express undertakings for the approval and implementation of such 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 any unpublished price sensitive information.

Disclosures Required To Be Furnished

Initial Disclosures

- Every promoter member of the promoter group, key managerial personnel and director of every company whose securities are listed on any recognized stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect
- Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter

Continual Disclosures

- Every promoter, member of the promoter group, designated person and director of every company shall disclose 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. 10 lakhs or such other value as may be specified

Every company shall notify the particulars of such trading 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

Disclosure by Connected Person

The Company may at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company at such frequency as may be determined by the company

CODE OF FAIR DISCLOSURE

The Board of Directors of the Company has always thrived to conduct its business in a fair and transparent manner with a view to protect the interest of all the stakeholders in the Company. Towards achieving this objective, the Company and the members of the Board, Officers, all employees and connected persons shall adhere to the following principles of fair disclosure of unpublished price sensitive information in letter as well as in spirit:

- 1) The Company shall ensure prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being, in order to make such information generally available.
- 2) The Company shall ensure uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure.
- 3) The Company Secretary/ Compliance Officer of the Company shall act as the Chief Investor Relations Officer to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information.
- 4) The Company shall make prompt dissemination of Unpublished Price Sensitive Information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- 5) The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- 6) The Company will ensure that information shared with analysts and research personnel, if any, is not Unpublished Price Sensitive Information.
- 7) The Company shall develop and follow 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.

8) The Company shall handle of all unpublished price sensitive information on a need to-know basis.

9) Sharing of UPSI for legitimate purpose:

The UPSI shall be shared by any person(s) authorized by the Board of Directors or CIO of the Company in this behalf, only in furtherance of legitimate purpose(s) which shall include the following;

- i. Sharing of UPSI in the ordinary course of business by any Insider, Designated Person, or by any Authorized person with existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants.
- ii. Sharing of UPSI where such communication is in furtherance of performance of duty (ies);
- iii. Sharing of UPSI for discharge of legal obligation(s).
- iv. Sharing of UPSI for any other genuine or reasonable purpose as may be determined by the CIO of the Company.
- v. Sharing of UPSI for any other purpose as may be prescribed under the Securities Regulations or Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.

Provided that such sharing should not be carried out to evade or circumvent the prohibitions of PIT Regulations.

10) Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for the purposes of the Regulations and due notice shall be given to such person(s) to maintain confidentiality of such unpublished price sensitive information in compliance with the said Regulations.

11) A Structured digital database containing the names of such persons or entities as the case may be with whom UPSI is shared along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available shall be

maintained. Such databases shall be maintained with adequate internal controls and checks. Such as time stamping and audit trails to ensure non-tampering of the database.

- 12) The Compliance officer of the Company, subject to approval of the Board, is authorized to amend or modify this Code in whole or in part. The Board of Directors may stipulate further guidelines, procedures and rules, from time to time, to ensure fair disclosure of Unpublished Price Sensitive Information.

This code shall be published on the official website of the Company.

This code and every subsequent modification, alteration or amendment thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed.