

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

## **1. INTRODUCTION**

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Prohibition of Insider Trading) Regulations, 1992.

To strengthen these regulations and to create a framework for prevention of insider trading to facilitate legitimate business transactions, the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as the "Regulations") were notified by SEBI on January 15, 2015 which became effective from May 14, 2015. Further, SEBI vide its Notifications dated December 31, 2018 and January 21, 2019 made further amendments to the aforesaid Regulations, which have also been incorporated herein which will become effective from April 1, 2019. The Regulations not only regulate trading by insiders but also seek to prohibit insider trading.

It is mandatory for every listed company, market intermediaries and any other person who is required to handle Unpublished Price Sensitive Information (UPSI) in the course of business operations to formulate a Code of Conduct to regulate, monitor and report trading by Designated Persons. In addition, every company whose Securities are listed on a stock exchange, is also required to formulate a Code of Practices and Procedures for fair disclosure of UPSI.

This Code of Conduct to regulate, monitor and report trading by Designated Persons is based on the principle that Directors, Officers, and Employees of Company owe a fiduciary duty to the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal Securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investors by the Company to enable them to take informed investment decisions with regard to the Company's Securities.

## **2.0 DEFINITIONS & INTERPRETATION**

2.1 **"Audit Committee"** means Audit Committee of Sharat Industries Ltd ("Company"), constituted by the Board of Directors of the Company in accordance with the provisions of section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"), as amended from time to time

2.2 **"Board"** means Board of Directors of the Company

2.3 **"Code"** means Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons as applicable, including modifications made thereto from time-to-time.

2.4 **"Compliance Officer"** shall mean company secretary or such other senior officer, designated so and reporting to the Board of Directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the 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.

Explanation: "Financial Literate" means a person who has the ability to read and understand basic financial statements i.e. Balance Sheet, Statement of Profit and Loss and Cash Flow statement.

2.5 **"Connected Person"** shall have the meaning given to it under Regulation 2(d) of the Regulations and shall also include the promoters and their Directors and key managerial personnel and persons who would have access to or could access unpublished price sensitive information by virtue of any connection that would put them in possession of unpublished price sensitive information.

2.6 **"Designated Persons"** means:

- (i) All Directors;
- (ii) such Employees of the Company, Employees of material subsidiaries of Company;
- (iii) all promoters of the Company and promoters who are individuals or investment companies for intermediaries and fiduciaries;
- (iv) Chief Executive Officer and employees up to two-level below the Chief Executive Officer of the Company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the Company or their ability to have access to Unpublished Price Sensitive Information; and
- (v) Any support staff of the Company, intermediary, fiduciary, who have access to Unpublished Price Sensitive Information
- (vi) and all Connected Persons (including representatives of the auditors, accountancy firms, law firms, analysts, consultants, etc.) as may be identified by the Compliance Officer in consultation with the Board in line with the objectives of the Code.

The term Designated Person/s for the purposes of this Code shall include Immediate Relatives.

2.7 **"Director"** means a member of the Board of Directors of the Company.

2.8 **"Employee"** means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.

2.9 **"Fiduciaries"** means professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, bank etc. assisting or advising the Company.

2.10 **"Generally Available Information"** means information that is accessible to the public on a non-discriminatory basis, such as information published on websites of stock exchanges.

2.11 **"Intermediary"** means an intermediary registered with SEBI.

2.12 **"Immediate Relative"** means the spouse of the Designated Person, and includes parent, sibling and child of such Designated Person or of the spouse, who are either financially dependent on the Designated Person or consults the Designated Person in taking decisions relating to trading in securities.

2.13 **"Insider"** means any person who is a Connected Person or in possession of or having access to Unpublished Price Sensitive Information and includes any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose.

2.14 **"Material Financial Relationship"** shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediate preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.

2.15 **"Promoter"** and **"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

2.16 **"Proposed to be listed"** shall include securities of an unlisted company:

- i) If such unlisted company has filed offer documents or other documents, as the case may be, with SEBI, stock exchange(s) or Registrar of Companies in connection with the listing or

- ii) If such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013

**2.17 “Regulations”** shall mean Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

**2.18 “Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation)

**2.19 “Trading Day”** means a day on which the recognized stock exchanges are open for trading.

**2.20 “Trading in Securities”** means and includes an act of subscribing to, buying, selling, dealing or agreeing to subscribe to, buy, sell or deal in any Securities of the Company and trade shall be construed accordingly.

**2.21 “Unpublished Price Sensitive Information” (“UPSI”)** 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 Securities of the Company and shall, ordinarily include but not be restricted to, information relating to the following:

- financial results;
- dividends;
- change in capital structure;
- mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions; and
- changes in key managerial personnel.

### **3.0 . INTERPRETATION**

- 3.1. The capitalized words not specifically defined in the Code shall have the same meaning as under the Companies Act, 2013 or the Regulations
- 3.2. All the provisions of the Minimum Standards for Code of Conduct Companies to Regulate, Monitor and Report Trading by Designated Persons as contained in the Schedule B of the Regulations to the extent they are not contradictory with this Code shall be deemed to have been mutatis mutandis specifically incorporated in this Code.
- 3.3. The provisions of this Code shall be read along with the Regulations and if there is any inconsistency / contradiction between the two, the provisions of the Regulations shall prevail.
- 3.4. For interpretation of this Code, reference and reliance may be placed upon circulars/clarifications issued by Securities and Exchange Board of India and/or any other authority.

#### **4.0 Preservation of "Price Sensitive Information"**

- 4.1 Designated Person shall maintain the confidentiality of all UPSI. Designated Persons shall not pass on or allow access of such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities of the Company unless such communication is in furtherance of legitimate purpose(Schedule - 1) , performance of duties or discharge of legal obligations; or.
- 4.2 Designated Employees who are privy to UPSI shall handle the same strictly on a “Need to Know” basis except in furtherance of legitimate purpose (**Schedule - 1**), performance of duties or discharge of legal obligations. This means the UPSI shall be disclosed only to those persons who need to know the same in the course of performance or discharge of their duty and whose possession of UPSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

#### **5.0. Compliance Officer & Duties of Compliance Officer**

- 5.1 The Company Secretary of the Company shall be the Compliance Officer and shall report to the Board of Directors of the Company.
- 5.2 The Compliance Officer shall be adequately empowered and responsible to effectively discharge functions under the Code and shall have access to all information and documents relating to the Securities of the Company.
- 5.3 The Compliance Officer shall be responsible for setting forth policies in relation to implementation of the Code and Regulations in consultation with the Board and grant of pre- dealing approvals to the Designated Persons for dealings in the Company's Securities by them and monitoring of such dealings. The Compliance Officer shall implement this Code under the general supervision of the Audit Committee and overall supervision of the Board.
- 5.4 The Compliance Officer shall ensure that a structured digital database (**Annexure – 11**) is maintained containing the names of such persons or entities, as the case may be, with whom UPSI is shared along with the Permanent Account Number (PAN) or any other identifier authorized by law, where PAN is not available. Such database shall be maintained with adequate internal controls and checks, to ensure non- tampering of the database.

#### **6.0 The Compliance Officer shall assist all the Designated Persons in addressing any Prohibition on Dealing, Communicating or Counseling on Matters Relating to Insider Trading**

- 6.1 No Insider shall:
- a) 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; and
  - b) Communicate, counsel or procure, directly or indirectly any unpublished price sensitive information to any person. However, these restrictions shall not be applicable to any communication required in furtherance of legitimate purpose (**Schedule - 1**), performance of duties or discharge of legal obligations.
- 6.2 Insider in preserving the confidentiality of information, and to safe guard its wrongful dissemination to ensure that:
- a) confidential information is kept secure;
  - b) data files are protected by passwords; and
  - c) data is maintained as per proper guidelines laid down the Compliance Officer from time to time.
  - d) The Compliance Officer shall maintain a list of Designated Persons and of other persons with whom Unpublished Price Sensitive Information is shared.

#### **7.0 Trading Restrictions**

- 7.1 Trading by Designated Persons shall be subject to trading restrictions as enumerated below:
- a) Designated Persons shall strictly conduct all their dealings in the Securities of the Company only when the Trading Window is open.
  - b) The Trading Window shall be, inter alia, closed at the time of:
    - i) Declaration of Financial results (quarterly, half-yearly and annual);
    - ii) Declaration of dividends (interim and final);
    - iii) Issue of securities by way of public/ rights/bonus, etc.;
    - iv) Any major expansion plans or execution of new project;
    - v) Amalgamation, mergers, takeovers and buy-back;

- vi) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.
- c) The Compliance Officer shall also close the trading window when he determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI. In respect of declaration of financial results, the Trading Window can be closed from the end of every quarter till 48 hours after the declaration of financial results which shall in any case remain closed at least from a date that is 7 days prior to date of declaration of financial results till 48 hours after the declaration of financial results. In other cases the trading window shall be opened 48 hours after the UPSI becomes generally available. The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.
- d) No Designated Person shall at any time, enter into and take positions in derivative transactions in the Securities of the Company.
- e) Irrespective of the fact that the Trading Window is open, Designated Persons shall not, within six months of buying or selling any number of Securities of the Company, enter into an opposite transaction i.e. sell or buy, as the case may be, in
- f) any number of the Securities of the Company, except as provided under the Code. The Compliance Officer can grant relaxation from strict application of the above restriction after recording the reasons in this regard provided that such relaxation does not violate the Regulations. It may however, be noted that in terms of the Regulations, no such purchase/ sale will be permitted when the Trading Window is closed. Notwithstanding the above, should the Designated Persons execute an opposite transaction, inadvertently or otherwise, in violation of the restrictions set out above, 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 SEBI Act, 1992.
- g) The provisions of this Code shall be applicable for trading either as first named shareholder or joint holder.
- h) Creation of pledge is allowed when the trading window is closed.
- i) Trading restrictions under this Code are also applicable to Designated Persons who engage Portfolio Managers and it shall be responsibility of Designated Person to ensure that the Portfolio complies with this Code.
- f) In case of doubt, the Designated Person shall check with the Compliance Officer or the Officer designated by him/her from time-to-time whether the provisions relating to pre- clearance are applicable to any proposed transaction in the Company's Securities.

## **8.0 Pre-clearance of trades**

**8.1** All designated persons who intend to deal in the securities of the Company when the trading window is open are required to take pre-clearance from the Compliance Officer to trade in the securities of the Company irrespective of the quantum and value of securities. No designated person shall trade in the securities of the Company if such person is in possession of UPSI even if the trading window is not closed and hence he shall not be entitled to apply for pre-clearance of any proposed trade while in possession of UPSI. The pre-clearance procedure shall be hereunder:

- a. An application shall be made in the prescribed Form (**Annexure 1**) to the Compliance Officer along with an Undertaking in the prescribed Form (**Annexure 2**) in favour of the Company.
- b. The Compliance Officer shall intimate the pre-clearance order to the applicant in the prescribed Form (**Annexure 3**).
- c. All Designated Persons shall execute their orders in respect of securities of the Company within seven (7) trading days after the approval of pre-clearance of trade is given.
- d. The Designated Person shall within 2 (two) days of the execution of the deal, inform the details of such deal with the Compliance Officer in the prescribed Form (**Annexure 4**). In case the transaction is not undertaken, a report to that effect shall be filed in the prescribed Form (**Annexure 4**).
- e. If the order is not executed within seven days after the approval is given, the specified person must pre-clear the transaction again.

## **9.0 Trading Plans**

- 9.1** The Regulations recognize the concept of Trading Plans. Any Designated Person intending to formulate a Trading Plan shall consult the Compliance Officer to discuss the applicable rules and procedure. The Compliance Officer shall only approve a Trading Plan in accordance with the applicable provisions of the Regulations.

## 10.0 Disclosure Requirements

Periodicity of Disclosure	Disclosure Requirement	Time period within which disclosure is to be made
Initial Disclosure by Promoter, Member of Promoter Group, KMP, Director	Number of Securities held (Format as per Annexure - 5)	Within 30 days of the Regulations taking effect
Every person on appointment as a KMP or Director or upon becoming Promoter or Member of Promoter Group	Number of Securities held (Format as per Annexure-6)	Within 7 days of such appointment or becoming a Promoter or Member of Promoter Group or KMP or Director
Continual Disclosure by Promoter, Member of Promoter Group, Employee and Director of the Company or Designated Persons if the value of transactions over any calendar quarter aggregates Rs. 10 lakhs or more.	Details of Securities acquired or disposed off (Format as per Annexure- 7)	Within 2 Trading Days of such transaction
Annual Disclosure by all Promoters, KMP, Directors and Designated Persons	Number of Securities held (Format as per Annexure 8)	Annual disclosure of number of Securities held as on March 31, shall be made within 15 days.
Additional Annual Disclosure by Designated Persons	Names and Permanent Account Number and Mobile number of Immediate Relative, person to whom Designated Person shares Material Financial Relationship (Format as per Annexure 9)	Annual disclosure as on March 31, shall be made within 15 days.
Disclosure of Transactions by Other connected persons as identified by the Company	Details of Securities acquired or disposed off (Format as per Annexure 10)	Within 2 Trading Days of such transaction

## 11.0 Institutional Mechanism for Prevention of Insider Trading

- 11.1** The Chief Executive Officer or Managing Director shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.
- 11.2** The internal controls shall include the following:
- all employees who have access to unpublished price sensitive information shall be identified as Designated Persons;

- b) all the UPSI shall be identified and its confidentiality shall be maintained as per the requirements of these Code and Regulation;
  - c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by the Code and Regulations;
  - d) list of all employees and other persons with whom unpublished price sensitive is shares shall be maintained in the digital database and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
  - e) all other relevant requirement specified under the Code and Regulations shall be complied with; and
  - f) periodic process review to evaluate effectiveness of such controls.
- 11.3** The Chief Executive Director or Managing Director shall ensure compliance with Institutional Mechanism for Prevention of Insider Trading.
- 11.4** The Audit Committee of the Company shall review compliance with the provisions of the Code, at least once in a financial year and shall verify whether the systems for internal control are adequate and are operating effectively.
- 11.5** Policy and procedure for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information is as specified in **Schedule-2**.
- 11.6** The Whistle-blower policy of the Company, a copy of which is available on the website of the Company, enables employees to report instances, if any, of leak of UPSI.
- 11.7** If an inquiry is initiated by the Company in case of reported leakage or suspected leak of UPSI, the Intermediaries and Fiduciaries engaged by the Company shall co-operate with the Company in connection with such inquiry conducted by the Company.
- 12.0 Penalty for contravention of Code**
- 12.1** Every Designated Person shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/her Immediate Relatives).
- 12.2** The Designated Persons who violate this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action including the termination of employment, wage freeze, suspension, recovery clawback etc.
- 12.3** The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- 12.4** In case it is observed by the Company and / or Compliance Officer that there has been a violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed by the Company.
- 12.5** In case of violation by the Compliance Officer, the Chief Executive Officer or the Managing Director of the Company shall perform the functions of the Compliance Officer.
- 13.0 Modification or Amendment of Code**
- 13.1** The Board of Directors of the Company, subject to applicable laws, rules and regulations, may amend/ substitute any provision(s) with a new provision(s) or replace this entire Code with a new Code.



- 13.2 In any circumstance where the terms of this Code differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over this Code.
- 13.3 The Chief Executive Officer or Managing Director of the Company is authorized to make such modifications in the Code time to time, as may be required to ensure compliance of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time).

**SCHEDULE-1**  
**POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE**  
**(Effective from April 01, 2019)**

**Background:**

As per regulation 3(2A) of Securities Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, it is mandatory for the Board of Directors of the listed company to make a policy for determination of "legitimate purposes". Accordingly, Policy for Determination of Legitimate Purpose ("Policy") is prepared as a part of "Code of Internal Procedures and Conduct to Regulate, Monitor and Report Trading by Insiders in the Securities of The Company" formulated as per Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations 2015 ("Regulations"). This code will be applicable from April 01, 2019.

**Objective:**

The objective of the policy is to regulate and monitor communication of Unpublished Price Sensitive Information (UPSI) for legitimate purpose in the best interests of the company and to ensure that such UPSI is shared on "need to know" basis and not misused by the recipient thereof.

**Policy for determination of legitimate purpose:**

- i. "Legitimate Purpose" shall include sharing of Unpublished Price Sensitive Information (UPSI) in the ordinary course of business on a need to know basis, 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 regulations.
- ii. "Legitimate Purpose" shall include but not limited to the following :
  - Sharing of information for the preparation of financial statements and MIS in discharge of duties (or) responsibilities of the respective department of the organization.
  - Any filing with or investigation, inquiry or request for information by a governmental authority or any regulatory authority.
  - Sharing of information with Advocates, law firms, consultancy firms etc.
  - availing / renewal of any financial facility and or compliance with requirements set forth in any credit facility or other agreement evidencing Indebtedness or otherwise required by financing sources thereof,
  - Sharing the relevant UPSI with persons engaged or involved in the processes leading to disclosure of events set out in Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - fulfilment of a pre-existing obligation.
  - Sharing the relevant UPSI with potential customers, marketing partners, joint

- ventures partners and vendors essential to fulfil the terms and conditions of business contract.
- Due Diligence relating to acquisition/takeover/ merger/ demerger or any other similar arrangement/ restructuring of the company or its division/ brand/products, etc.
  - iii. No person shall procure from or cause the communication of UPSI by an insider relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
  - iv. Any person in receipt of UPSI pursuant to a legitimate purpose shall be considered an "insider" for purposes of these Regulations and due notice shall be given to such person to maintain confidentiality in compliance with these regulations.
  - v. The Board of Directors shall require the parties who are in possession of UPSI to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, and shall not otherwise trade in securities of the company when in possession of UPSI.
  - vi. The Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities along with Permanent Account Number (PAN) or any other identifier authorized by law where PAN is not available, with whom UPSI is shared on legitimate purpose.
  - vii. In the event of any doubt, the concerned Insider shall seek the approval of the Compliance Officer along with the full & complete details of the background, purpose and effect on the Company in the event of non-disclosure, to enable the concerned insider to make an informed judgment on the matter.
  - viii. Compliance officer shall make necessary decisions if the information procured /possessed comes under the ambit of legitimate purpose.

### **Changes to this Policy**

The Board may amend this Policy from time to time (if required) to incorporate any subsequent amendment(s) /modification(s) brought in by SEBI with respect to matters covered under this Policy or even otherwise.

### **Approval Authority:**

This policy has been approved by the Board of Directors of the company.

## SCHEDULE-2

### POLICY AND PROCEDURE FOR INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION

#### **1.0 Legal Framework**

1.1 The Securities and Exchange Board of India (“SEBI”), vide its Notification dated December 31, 2018, has amended the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“SEBI PIT Regulations”). The amendments to the SEBI PIT Regulations are effective from April 1, 2019. Regulation 9A (5) of the SEBI PIT Regulations specifies that every listed entity shall have a written policy and procedure for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and for initiation of appropriate inquiry on becoming aware of leak or suspected leak and promptly inform Securities and Exchange Board of India of such leaks, inquiries and results of such inquiries.

#### **2.0 Applicability**

This policy shall be applicable to all designated person and their immediate relatives and all persons in possession or access to unpublished price sensitive information. This policy shall be effective from April 1, 2019.

#### **3.0 Objective of Policy**

This Policy deals with formulation of procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and for initiation of appropriate inquiry, reporting and penalizing the guilty of violating this policy.

#### **4.0 Definitions & Interpretation**

“Leak of UPSI” means communication of information which is UPSI by any person, who is in possession of UPSI, to any other person, directly or indirectly, overtly or covertly or in any manner whatsoever, except for legitimate purpose, performance of duties or legal obligations.

The capitalized words not specifically defined in this Policy shall have the same meaning as defined this Code or under Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

#### **5.0 Procedure for inquiry in case of Leak or suspected Leak of UPSI**

5.1 The Compliance Officer or the Chairman of the Audit Committee on becoming aware suo moto or on receipt of a written communication of leak or suspected leak of UPSI from:

- i. Any person including Employee(s) of the Company;
- ii. Regulators; or
- iii. Promoter;

shall follow the below mentioned procedure in order to inquire and/or investigate the matter.

- (a) **Preliminary Inquiry:** The object is to ascertain the truth of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to embark further investigation.

The person (s) appointed/authorized by the Compliance Officer shall submit inquiry report to the Compliance Officer within 7 working days from the date of appointment

/authorization. The inquiry report shall be submitted to the Chairman of the Audit Committee.

- (b) **Intimation of Leak or suspected leak of Unpublished Price Sensitive Information:**

If in the opinion of the Chairman of the Audit Committee/Chief Financial Officer and Compliance Officer, the preliminary inquiry report requires further investigation, the same shall be submitted to:

1. Managing Director/Board of Directors
2. Inquiry Committee

The Compliance Officer shall intimate SEBI about the Leak or suspected Leak of UPSI.

- (c) **Constitution of Inquiry Committee:**

The Inquiry Committee shall consists of minimum 3 Members which shall include the following persons or any persons nominated by Managing Directors/Chief Financial Officer/Compliance Officer-

- Managing Director
- Chief Financial Officer
- Chief executive officer
- Company Secretary

In case of conflict of interest in any referred case, the member of the committee shall recuse himself/herself from the inquiry.

- (d) **Initiation of Investigation by Inquiry Committee**

The Inquiry Committee shall conduct investigation upon receipt of report of preliminary inquiry and complete the said investigation within 7 working days.

The Inquiry Committee's investigation report shall be submitted to the Chairman of Audit Committee/ Board of Directors immediately.

The Company shall promptly intimate SEBI of the results of such inquiries.

## **6.0 Power of the Inquiry Committee**

The Inquiry Committee while conducting inquiry shall exercise the following powers-

- (a) Call any employee or individuals for seeking clarification or information on the leak
- (b) Call persons/members of committees or individuals involved in generation of original financial data/consolidation of data for financial results/preparation of presentation, Board Notes and dissemination of information on public domain.
- (c) Call any persons or connected persons who had access to unpublished price sensitive information
- (d) Engage any external investigators or experts
- (e) Take necessary actions including sending the delinquent on leave,

restrict physical access to the office premise, freeze access to systems, emails etc. during the pendency of the investigation.

- (f) Keep the identity of the delinquent confidential till the completion of inquiry unless essentially required for the purpose of investigation.
- (g) Intimate the delinquent of the allegations and provide him/her an opportunity of being heard.
- (h) Do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

#### 7.0 **Disciplinary Action**

The disciplinary action against Delinquent may be taken within 15 days from receipt of investigation report by Chairman of Audit Committee/ Board of Directors.

The disciplinary action(s) may include wage freeze, suspension, recovery, claw back, termination etc. as may be decided by the Audit Committee/Board of Directors.

#### 8.0 **Amendment**

The Board of Directors of the Company, subject to applicable laws, rules & Regulations, may amend/ substitute any provision(s) with a new provision(s) or replace this entire Policy with a new Policy.

In any circumstance where the terms of this Policy differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over this Policy.

The Chief Executive Officer or Managing Director of the Company is authorized to make such modifications in the Code time to time, as may be required to ensure compliance of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time time).

### **ANNEXURE 1**

#### **APPLICATION FOR PRE-CLEARANCE TO TRADE IN THE SECURITIES**

Date: \_\_\_\_\_

To,  
The Compliance Officer,  
**Sharat Industries**  
**Limited**, Hyderabad

Dear Sir,

#### **Application for Pre-clearance to trade in the securities of the Company**

Pursuant to the SEBI (prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons, I seek approval to  
purchase / sale of

\_\_\_\_\_ securities of the Company as per details given below:

1.	Name of the applicant	
2.	Designation	

3.	Employee Code (if applicable)	
4.	Whether the proposed transaction is being done by self or through relative (if so, give particulars hereon of the relative)	
5.	Number of securities held as on date	
6.	Folio No. / DP ID & Client ID No.	
7.	The proposal is for	(a) Purchase of securities  (b) Sale of securities
8.	Proposed date of dealing in securities	
9.	Estimated number of securities proposed to be acquired/sold	
10.	Price at which the transaction is proposed	
11.	Current market price (as on date of application)	
12.	Whether the proposed transaction will be through stock exchange or off-market deal	
13.	Folio No. / DP ID & Client ID No. where the securities will be credited / debited	

I enclose herewith the form of Undertaking signed by me.

Yours faithfully (Signature)

\_\_\_\_\_

**ANNEXURE 2**  
**UNDERTAKING TO BE ACCOMPANIED WITH THE**  
**APPLICATION FOR PRE-CLEARANCE OF TRADE IN THE SECURITIES OF THE COMPANY**

To,  
The Compliance Officer,  
**Sharat Industries**  
**Limited**, Hyderabad

I, \_\_\_\_\_, Designation \_\_\_\_\_ and Employee Code (if applicable) \_\_\_\_\_ of the Company residing at \_\_\_\_\_, am desirous of dealing in \_\_\_\_\_ (no's) securities 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 or otherwise privy to any unpublished Price Sensitive Information (as defined in the Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons (the Code) up to the time of signing this Undertaking.

In the event that I have access to or received any information that could be construed as "Price Sensitive Information" as defined in the Code, 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 dealing in the securities of the Company until such information becomes public.

I have not purchased / sold (as the case may be) any shares in the past six months

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

I undertake to submit the necessary report within 2 days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek fresh approval for pre-clearance.

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

Date: \_\_\_\_\_

Signature \_\_\_\_\_

**ANNEXURE 3**

**PRE- CLEARANCE ORDER**

To,

Name: \_\_\_\_\_

Designation : \_\_\_\_\_

This is to inform you that your request for dealing in \_\_\_\_\_(no's) securities of the Company as mentioned in your application dated \_\_\_\_\_ is approved. Please note that the said transaction must be completed within 7 days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek pre-clearance again before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached form within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,

For **SHARAT INDUSTRIES LIMITED**

COMPLIANCE OFFICER

Date: \_\_\_\_\_



**ANNEXURE 4**

**DISCLOSURE OF TRANSACTIONS IN THE SECURITIES OF THE COMPANY**

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

To,  
The Compliance Officer,  
**Sharat Industries**  
**Limited**, Nellore

Ref: Your letter of pre-clearance dated \_\_\_\_\_

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)

Name of the holder*	No. of securities dealt with	Bought/sold/ subscribed	DP ID & Client ID / Folio No	Price (Rs.)

*\* if the transaction is done self-insert your name and if the transaction is done through relative insert the name of the relative.*

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 5 years and produce to the Compliance officer / SEBI any of the following documents:

1. Broker's contract note.
2. Proof of payment to/from brokers.
3. Extract of bank passbook/statement (to be submitted in case of demat transactions).
4. Copy of Delivery instruction slip (applicable in case of sale transaction).

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. *(applicable in case of purchase / subscription).*

I agree not to acquire further securities for a minimum period of six months. *(applicable in case of sale).*

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

Date: \_\_\_\_\_

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

Name :

Designation:

Employee Code (if applicable)

**Annexure 5**

**Form A**

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

Name of the company: Sharat Industries

Limited ISIN of the company:

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

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 Shareholding	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 eg. – 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
1	2	3	4	5	6	7	8	9

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:

Designation: Date:

Place



**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature

:

Designati

on: Date:

Place



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:

Date:

Designation:

Place:

Annexure 8

The Compliance Officer  
Sharat Industries  
Vennakanapalem  
Village  
Neloore- 524002  
Dear Sir,

Statement of Annual Shareholdings in the Company

As on March 31, \_\_\_\_\_, I along with my Immediate Relatives hold the Securities of the Company, details whereof are as under:

<b>Name of Designated Employee</b>	
Designation, Department & Employee Code	
Folio, Client Id & Details of Depository	
No. of shares sold during the Financial Year	
No. of Shares bought during the Financial Year	
No. of Shares held as on March 31	
<b>Name of Immediate Relative</b>	
Relationship	
Folio, Client Id & Details of Depository*	
PAN	
No. of shares sold during the Financial Year*	
No. of Shares bought during the Financial Year*	
No. of Shares held as on March 31	

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

Name:

**ANNEXURE 9**

**FORMAT FOR DISCLOSURE OF PARTICULARS BY**  
**PROMOTER / MEMBER OF PROMOTER GROUP / KEY MANAGERIAL PERSONNEL /**  
**DIRECTOR/ DESIGNATED PERSON**

**Details required for making entry into the Register of Designated Persons**

The Compliance  
Officer, Sharat  
Industries Limited

Dear Sir,

<b>NAME OF PROMOTER/MEMBER OF PROMOTER GROUP / KEY MANAGERIAL PERSONNEL (KMP) /DIRECTOR /DESIGNATED PERSON:</b> #EMPL NO.: _____#GRADE: _____
--

My personal details are as under:

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for Prevention of Insider Trading, I hereby declare that I have the following Immediate Relative(s):

Sr. No.	Name of the Immediate Relative	Relationship with Director/KMP/ Designated Person	PAN/ Other id.	Folio No./DP Id. & Client Id.	Details of Security/(ies) Held	Address, Phone & Mobile No.

Sr. No.	Name of Person with whom I share a Material Financial Relationship	PAN/ Other id. no.:	Folio No./DP Id. & Client Id.	Phone & Mobile No.

Chronologically List the Names of Educational Institutions attended:

Chronologically List the Names of past Employers:



I hereby undertake to inform changes, if any, in the above details from time-to-time. I hereby declare that the above details are true, correct and complete in all respects.

Signatur

e:

Name:

**Annexure 10**

**Form D (Indicative format)**

**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**

Name, PAN No., CIN/DIN, & address of connected persons with contact nos.	Connection with Company	Securities held prior to acquisition/disposal		Securities acquired/Dispose		% of Shareholding		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to 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 on which the trade was executed		
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Pre Transaction	Post Transaction	From				To		Buy			Sell	
								Value	Number of units (contracts * lot size)			Value	Number of units (contracts * lot size)					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		

Signature:

Date:

Place:

**Annexure 11**

**FORMAT FOR DIGITAL DATABASE**

<b>Sr. No</b>	<b>Name of Promoter/Member of promoter Group/Director/KMP/Designated Person/other person/Entity in possession of UPSI</b>	<b>PAN/Other Identification No.</b>	<b>Designation/Employee No, Dept, Div, Location &amp; Phone/mobile no</b>	<b>Names of ImmediateRelatives &amp; Persons with material financial relationship, their PAN &amp; mobile no. as disclosed by Designated Person</b>	<b>employer(s) of designated persons</b>	<b>Date of Identification</b>	<b>Date of cessation</b>

**Names of Educational institutions attended & Past DP ID Client ID or LF**