

# SHALBY LIMITED

•Passion•Compassion•Innovation•

**Code of Conduct for Prevention  
of Insider Trading and Fair  
Disclosure of Unpublished  
Price Sensitive Information**

**REGISTERED OFFICE**

**Shalby Limited**

Opposite Karnawati Club  
Sarkhej Gandhinagar Highway  
Near Prahlad Nagar Garden  
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Gujarat, India

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**Forms**

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## 1. INTRODUCTION

The Securities and Exchange Board of India (SEBI), for protection of investors and to regulate the securities market, has formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“the **“PIT Regulations”**”) under the powers conferred on it under the SEBI Act, 1992 and amended the same by SEBI from time to time. The PIT Regulations came into force w.e.f. May 15, 2015 and are applicable to all companies whose securities are listed on an Indian Stock Exchange.

The PIT Regulations replaced the erstwhile, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Regulations requires every listed company to formulate a code of conduct to regulate, monitor and report trading by its employees and other “connected persons” (as defined under the Regulations) towards achieving compliance with these Regulations and enforce a code of internal conduct and procedures based on the model code provided therein.

In compliance with the Regulations, Shalby Limited (the “Company”) has introduced a Code for Prohibition of Insider Trading (this “Code”). This Code shall come into force with effect from the date on which Company’s securities get listed on the Stock Exchange(s).

Further, SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018 notified on December 31, 2018 and subsequent amendment to PIT Regulations notified on January 21, 2019 requires every listed Company, inter alia, to formulate a policy for determination of ‘Legitimate purpose’ as a part of this code formulated under regulation 8 of SEBI PIT Regulation. Accordingly, the Board of Directors in their meeting held on January 28, 2019 adopted this new Code covering a policy for determination of ‘Legitimate purpose’.

## 2. PURPOSE AND APPLICABILITY

The Company endeavours to preserve the confidentiality and prevent the misuse of unpublished price sensitive information (UPSI). The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all the applicable laws and regulations. Every director, officer, Designated Person of the Company has a duty to safeguard the confidentiality of all such information which he/ she obtain in the course of performance of official duties. Directors, officers and Designated Person of the Company should not use their position to gain personal benefit.

The Code is applicable to the following persons:

- 1) Promoters including member(s) of Promoter group
- 2) Directors
- 3) Designated Persons
- 4) Concerned Advisers/Consultants/Retainers of the Company
- 5) Connected Persons as defined in the Securities and Exchange Board of India (Prohibition

of Insider Trading) Regulations, 2015 and as per clause 3.7 of the this Code of Conduct

### 3. IMPORTANT DEFINITIONS

In this Code the following definitions have been adopted:

- 3.1 **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992), as amended.
- 3.2 **“Board”** means the Securities and Exchange Board of India.
- 3.3 **“Code”** means the Code of Conduct for prevention of Insider Trading, as notified hereunder, including any amendments/ modifications made from time to time.
- 3.4 **“Company”** means Shalby Limited
- 3.5 **“Compliance Officer”** means Company Secretary of the Company or in absence of Company Secretary, any senior officer, designated so or in absence of both, the Executive Director or such other senior officer, who is financially literate and is capable of appreciating requirements of legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring and adherence to the rules for preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in this Code of Conduct and Compliance officer shall function and carry out his responsibilities under the overall supervision of the Board of Directors of the Company.

Explanation – for the purpose of this regulation “financial literate” shall mean a person, who has ability to read and understand basic financial statement like Balance Sheet, Statement of Profit and Loss, Cash Flow statement etc.

- 3.6 **“Concerned Adviser / Consultants / Retainers”** of the Company means such Advisers or Consultants or Retainers or Professionals who in the opinion of the Company may have access to unpublished price sensitive information.
- 3.7 **“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 (i) above; or
  - (b) a holding company or associate company or subsidiary company; or
  - (c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
  - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
  - (h) an official or an employee of a self-regulatory organization 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;

***NOTE:*** *It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.*

3.8 “Designated Person(s)” shall have the meaning ascribed to such term in Clause 5 of this code.

3.9 “**Dealing in securities**” means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or as an agent.

3.10 “**Director**” means Director appointed on the Board of the Company.

3.11 “**Ethics & Compliance Task Team**” means the team formed under the guidance of the Audit Committee to process and investigate Protected Disclosures, comprising the Chief Financial Officer, Head of Accounts, Head of HR and Representative from Chairman's Office and Secretarial. The Chief Financial Officer shall serve as the Chair of the Ethics & Compliance Task Team.

3.12 “**Generally Available Information**” means information that is accessible to the public on a non-discriminatory basis.

***NOTE:** Information published on the website of a stock exchanges, would ordinarily be considered generally available.*

3.13 “**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;

***NOTE:** It is intended that the immediate relatives of a “connected person” to become connected persons for purposes of the PIT Regulations. Indeed, this is a rebuttable presumption*

3.14 “**Insider**” means any person who is:

- (i) a connected person; or
- (ii) In possession of or having access to unpublished price sensitive information; or
- (iii) Any person who is in receipt of unpublished price sensitive information for legitimate purpose

*It is clarified that any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for the purpose of this code.*

***NOTE:** Since “generally available information” is defined, it is intended that anyone*

*in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.*

3.15 **“KMP”** means Key Managerial Person, and includes—

- (i) the Chief Executive Officer or the managing director or whole time director or the Manager;
- (ii) the Company Secretary;
- (iii) the Chief Financial Officer; and
- (iv) Such other officer as may be appointed by the Board of Directors of the Company as Key Managerial Person.

3.16 **“Legitimate purpose”** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partner(s), collaborator(s), lender(s), customer(s), supplier(s), merchant banker(s), legal adviser(s), auditors, insolvency professional(s) or other adviser(s) or consultant(s), provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

3.17 **“Material Facts”**

The materiality of a fact depends upon the circumstances. A fact is considered “material”, if it is likely to affect the market price of the securities, upon coming into public domain

Material information can be positive or negative and can relate to virtually any aspect of the business of a company or its affiliates or to any type of security, debt or equity.

Material facts as defined under the materiality policy of the Company are to be taken into consideration.

3.18 **“Need to Know”** basis means that unpublished price sensitive information should be

disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to any conflict of interest or appearance of misuse of information.

- 3.19 **“Non-public Information”** Information is “non-public” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors by distribution to stock exchanges, where Company’s shares are listed or through such media as press and television, journals or similar broad distribution channels or the press media in India and abroad. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.
- 3.20 **“Promoter”** and **“Promoter Group”** shall have same meaning assigned to it under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any amendment thereof.
- 3.21 **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof, except units of mutual funds
- 3.22 **“Stock Exchanges”** shall mean any recognized stock exchange on which Company’s securities are listed.
- 3.23 **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "Trade" shall be construed accordingly.

**NOTE:** *Under the parliamentary mandate, since the Section 12A (e) and Section 15G of the Act employs the term 'dealing in securities', it is intended to widely define the term “trading” to include dealing. Such a construction is intended to curb the activities based on unpublished price sensitive information which are strictly not buying, selling or subscribing, such as pledging etc when in possession of unpublished price sensitive information.*

- 3.24 **“Trading Day”** means a day on which the recognized stock exchanges are open for trading.
- 3.25 **“Trading Window”**- Trading window shall refer to specified period during which the trading in securities of the Company is permitted. During the closure of Trading Window, trading in Company’s securities is prohibited for designated persons and is restricted for other employees.
- 3.26 **“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) 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; and

*NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.*

**Additionally, UPSI means:**

- 1. Information about material events as described under Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2. Information as per the criteria defined in the materiality policy of the Company.
- 3. Information as may be decided by the Board of Directors of the Company to be considered as material having impact on the operational and commercial viability of the Company.

**4. THE ESSENCE OF THE PIT REGULATIONS AND THIS CODE**

**The PIT Regulations and this Code, inter alia prohibit an insider:**

From communicating, providing, or allowing 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 as provided under Regulations 3(3) of the PIT Regulations. As per the PIT Regulations, Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with transaction that would:

- a) Entail an obligation to make an open offer under the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 where the Board of Directors of the listed Company is of informed opinion that the sharing of such information is in the best interest of the Company.

- b) Not attract the obligation to make an open offer but where the Board of Directors of the listed Company is of informed opinion that the sharing of such information is in the best interests of the Company and the Unpublished Price Sensitive Information is disseminated to be made generally available at least 2 trading days prior to the proposed transaction being affected.

This prohibition does not apply where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligation.

## **5. DEALING IN SECURITIES BY DESIGNATED PERSONS AND THEIR IMMEDIATE RELATIVES**

- 5.1 In addition to the prohibitions on insider described in Clause 4 above, this Code imposes certain additional responsibilities and restrictions on certain categories of persons, who are defined below as Designated Persons.

A “**Designated Person**” would include the following categories of employees, for the purpose of this Code:

- i) Directors of the Company;
- ii) Chief Executive officer/Chief Financial officer/Company Secretary
- iii) Chief Administrative officer / Chief Operating Officer
- iv) Permanent invitees/invitees to the board meeting and committee meetings
- v) Employees in the cadre of Assistant / Associate Vice President and above being functional head / departmental head
- vi) Personal assistant/secretary to all the above persons;
- vii) All other employees working at corporate level who are involved in finalization of accounts and MIS, an employee heading the information technology department, all employees working in Legal & Secretarial department, internal audit department, in Investor’s Relations and chief executive officer / managing director’s office and chairman’s office.
- viii) Persons employed on contract basis and performing similar roles or having similar responsibilities as persons mentioned in (ii), (iii) and (vi) above;
- ix) And such other persons as may be notified by the Compliance Officer as per direction of the Board.

- 5.2 Designated persons shall disclose names and PAN or other identifier authorized by law, of the following persons in the format annexed as “Form No H ” on annual basis and as and when the information changes;

- a) Designated person him/herself

- b) Immediate relatives of designated person
- c) Persons with whom such designated person(s) has a material financial relationship
- d) Phone/cell numbers which are used by them

**Explanation:** The term “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 immediately 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.

### 5.3 Special Responsibilities and Restrictions on Designated Persons

The special responsibilities and restrictions imposed on Designated Persons are:

- a) Furnish Initial Disclosure about the number of securities of the Company held by him/her and his / her immediate relatives, within 2 working days of implementation of this code or within 2 working days of joining the Company or becoming designated person.
- b) Obtain prior clearances of the Compliance Officer before dealing in securities exceeding such threshold limit as may be notified from time to time (refer to Clause 6.5 of this Code)
- c) Not to deal in securities, during certain closed periods as may be notified generally or from time to time.(refer to Clause 6.6 of this Code)
- d) Preserve Unpublished Price Sensitive Information.(refer to Clause 6.1 of this Code)
- e) Designated persons shall not communicate, provide or allow access to any unpublished price sensitive information, relating to the 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 obligation.
- f) Not to pass on any Price Sensitive Information to any person (including but not limited to his or her family members, friends, business associates etc.) directly or indirectly by way of making recommendation for trading in Company’s securities.
- g) Not to communicate Price Sensitive Information in situation in which there would be an uncertainty as regards conflict of interest or the possibility of misuse of the information.
- h) Not to discuss or disclose Price Sensitive Information in public places.
- i) Not to disclose Price Sensitive Information to any Employee who does not need to know the information for discharging his or her duties or responsibilities.
- j) Not to apply for pre-clearance and trade plan when in possession of Unpublished

Price Sensitive Information even though the closed period is not notified till such time the Unpublished Price Sensitive Information becomes generally available.

- k) Not to execute contra trade within a period of 6 months from the date of last transaction either by self or through immediate relatives. Provided that this restriction shall not be applicable for trades pursuant to exercise of stock options.

If the opposite transactions are executed in violation of this provision, 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.

Such persons may however apply to the Compliance Officer in for waiver of the restriction on contra trade, if there is a need to sell the said securities due to personal emergency.

Every Designated Person is required to maintain strict confidentiality of all Unpublished Price Sensitive Information and prohibited from passing on such information to any person directly or indirectly. Attention is specifically drawn to Regulation 3(i) of the PIT Regulations, which prohibits an insider to communicate, provide, or allow access to any Unpublished Price Sensitive Information relating to the Company or its securities listed or proposed to be listed. All data, documents, information, forms, records, files (physical as well as soft files) are required to be kept secure and confidential by all the Designated persons. All information within the organization shall be handled on need to know basis.

When a person who has traded in securities has been in possession of unpublished price sensitive information, his/her trade would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

## **6. PREVENTION OF MISUSE OF “UNPUBLISHED PRICE SENSITIVE INFORMATION”**

### **6.1 Preservation of “Price Sensitive Information”**

The Directors, Designated Employees, Connected Person and concerned Advisers or Consultants or Retainers of the Company shall maintain the confidentiality of all price sensitive information and shall not communicate any Unpublished Price Sensitive Information to any person except on ‘need to know basis’ – i.e. that Unpublished price Sensitive Information should be disclosed only to those persons within the Company or persons connected with the Company who need the Information to discharge their duty or legal obligations and whose possession of such information will not give rise to a conflict of investor or appearance of misuse of the information. The Directors, Designated Employees, Connected Person and concerned Advisers or Consultants or Retainers of the Company

shall not pass on any Price Sensitive Information to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities of the Company.

## 6.2 Limited access to confidential information

The Directors, Designated Persons, Connected Persons and concerned Advisers or Consultants or Retainers of the Company shall keep the files containing confidential Price Sensitive Information duly secured and computer files must be kept with adequate security of login and password, etc.

## 6.3 Receipt of UPSI for legitimate purpose

Receipt of Unpublished Price Sensitive Information for legitimate purpose shall be considered as insider for the purpose of this code. Accordingly, the person who shares UPSI shall give proper notice to the recipient of UPSI to maintain confidentiality of such UPSI in compliance with SEBI (PIT) Regulations, 2015.

## 6.4 Trading Plans

6.4.1 SEBI Regulation entitles the Insider to formulate a trading plan. If any insider / Designated persons wish to formulate trading plan for trading in securities of the Company, he may do so and present it to the Compliance officer. Trading Plan is optional, however, if any insider opt for Trading Plan, the same need to be as per strict provisions of the Regulation 5 of SEBI PIT Regulation. Trading Plan need to be approved by the Compliance Officer and disclosed to the Stock Exchange. Once Trading Plan approved, it becomes irrevocable.

The Insiders-

- (a) Shall commence trading under such trading plan only after a period of one hundred and twenty calendar days has elapsed from the date of public disclosure.
- (b) Shall not form a trading plan when another trading plan is already in use.
- (c) Shall set out the following parameters for each trade to be executed:
  - (i) either set out the value of trade to be effected or the number of securities to be traded;
  - (ii) nature of the trade;
  - (iii) either specific date or time period not exceeding 5 consecutive trading days;

(iv) price limit that is an upper price limit for a buy trade and an lower price limit for a sell trade, subject to the range specified below:

- a) For a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;
- b) or a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price.

Explanation:

- While the parameters in sub-clauses (i), (ii) and (iii) shall be mandatorily mentioned for each trade, the parameter in sub-clause (iv) shall be optional.
- The price limit in sub-clause (iv) shall be rounded off to the nearest numeral.
- Insider may make adjustments, with the approval of the compliance officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan and the same shall be notified on the stock exchanges on which securities are listed.

Provided further that if the insider has set a price limit for a trade under sub-clause (iv) of clause (v) of sub-regulation 2, the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed

- (d) Shall not use trading plans for trading in securities for market abuse.
- (e) Shall mandatorily implement the plan without being entitled to execute any trade outside the scope of the Trading Plan or to deviate from it except due to permanent incapacity or bankruptcy or operation of law. Thus, the Trading Plan, once published, shall be irrevocable except in situations beyond the control of the insider.

Explanation: In case of non-implementation (full/partial) of trading plan due to either reasons enumerated in sub-regulation 4 or failure of execution of

trade due to inadequate liquidity in the scrip, the following procedure shall be adopted:

- i). The insider shall intimate non - implementation (full/partial) of trading plan to the compliance officer within two trading days of end of tenure of the trading plan with reasons thereof and supporting documents, if any.
- ii). Upon receipt of information from the insider, the compliance officer, shall place such information along with his recommendation to accept or reject the submissions of the insider, before the Audit Committee in the immediate next meeting. The Audit Committee shall decide whether such non-implementation (full/partial) was bona fide or not.
- iii). The decision of the Audit Committee shall be notified by the compliance officer on the same day to the stock exchanges on which the securities are listed.
- iv). In case the Audit Committee does not accept the submissions made by the insider, then the compliance officer shall take action as per the Code of Conduct.

6.4.2 However, the insider shall not commence trading under trading plan if any Unpublished Price Sensitive Information in his possession at the time of formulation of the plan has not become generally available information at the time of commencement of the plan.

6.4.3 The Compliance Officer shall review the trading plan to assess whether the plan has the potential for violation of the PIT Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

6.4.4 It is clarified that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. It is further clarified that trading window norms shall not be applicable for trades carried out in accordance with an approved trading plan.

6.4.5 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities are listed.

## 6.5 Pre Clearance of Dealing

- 6.5.1 Every Designated Person is required to obtain pre-clearance from the Compliance Officer by making an application in Form - D before he and/or any of his immediate relatives, deals in securities (either buy/acquire or sell/dispose), if the market value of securities involved in the deal, in aggregate, exceeds Rs. 10 Lakhs.

It is hereby clarified that the value of securities traded will include the aggregate of purchases as well as sale of securities.

- 6.5.2 The application shall be made together with an undertaking to the Company in Form - E. The undertakings shall state that the Designated Person is not in possession of Unpublished Price Sensitive Information relating to securities at the time of signing of the undertaking and that should he/she receive any such Unpublished Price Sensitive Information after signing but before execution of the applied for transaction, he will refrain from executing transaction. The Company shall give order for approval of pre-clearance in Form - F.
- 6.5.3 Designated Person and/or any of his immediate relatives shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. The Designated Person and /or any of his immediate relatives shall file within 2 days of the execution of the deal, the details of such deal with the Compliance Officer in Form - G and Form – C (as and when applicable).
- 6.5.4 The application for pre-clearance if granted shall be valid for 7 days starting from the date of pre-clearance. In other words, the pre cleared transaction is required to be executed within 7 days starting from the date of pre-clearance, failing which pre-clearance would be required to be sought afresh.

Pre-clearance of the trades to be executed by the Compliance Officer will be approved by the Chairman of the Company and responsibilities with regard to Compliance Officer shall lie on the chairman mutatis mutandis.

Any violation of this declaration and undertaking is liable to attract the serious consequences of default specified in Clause 12 of this Code.

## 6.6 Trading Window and prohibition on dealing during Window Closure

- 6.6.1 The Company shall specify a trading period, to be called “Trading Window”, for trading in the Company’s Securities. When the Trading Window is closed, all Designated Persons (including their immediate relatives) and all promoters including member of promoter group shall not trade in the Company’s securities in



such period. The Trading Window shall be closed during the time the information referred to in paragraph (c) is unpublished.

6.6.2 The Trading Window shall be, inter alia, closed:

- (i) From the date of announcement of Board Meeting for declaration of financial results;
- (ii) From the date of announcement of Board Meeting for declaration of dividends;
- (iii) From the date of announcement of Board Meeting held to approve change in capital structure or further issuance of securities by way of public/right/bonus, etc.;
- (iv) From the date of announcement of Board Meeting held to approve mergers, de-mergers, takeovers, acquisitions, buy-back, delisting, disposals and expansion of business and such other transactions;
- (v) From the date of announcement of Change(s) in KMP;
- (vi) For such other period and for any such other event as and when the Compliance officer determines that designated persons or class of designated persons can reasonably be expected to have unpublished price sensitive information and as may be deemed fit by the Compliance Officer.

6.6.3 The time for re-opening of Trading Window shall be determined by the Compliance Officer taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than 48 hours after the information referred to in para (c) above becomes public/ generally available.

6.6.4 The trading / dealings in Company's securities by all Designated Persons(including their immediate relatives) shall be conducted during the period when the trading window is open subject to pre-clearance by Compliance Officer as referred under Clause 6.5 of this Code, or as per approved trading plan and shall not deal in any transaction involving the purchase or sale of the Company's Securities during the periods when Trading Window is closed, or during any other period as may be specified by the Compliance Officer from time to time.

## **7. DISCLOSURE**

The disclosure to be made by any person under this code shall include those relating to trading by immediate relative(s) of such person and by any other person for whom such person takes trading decisions. This disclosure of trading in securities shall also include trading in derivatives and traded value of the derivatives shall be taken into account for the purpose of this code.

### 7.1 Initial Disclosure

- a. Every Promoter including member of promoter group, Designated Person, KMP and Director, is required furnish details of securities and derivative positions in securities held by him in or his immediate relatives in Form- A within 30 days of this code coming in to effect.
- b. Every Promoter including member of promoter group, Designated Person, KMP and Director, on being appointed / designated as such, is required to furnish the names of self or his immediate relatives in Form- B within 30 days.

The Designated Persons mentioned above also need to ensure that information of any change in immediate relatives is informed to the Company within 7 days of such change.

### 7.2 Event based Disclosure

Every Promoter including member of promoter group, Designated Person, KMP and Director of the Company shall disclose in Form - C to the Company, the number of securities acquired or disposed of within 2 trading days of such transaction, if the aggregate value of securities traded, whether in one transaction or series of transaction in any calendar quarter, exceeds an aggregate amount of Rs. 10 lakhs.

It is hereby clarified that the value of securities traded will include the aggregate of purchases as well as sale of securities.

The Company shall notify the particulars of such trading to the stock exchanges on which the securities are listed within 2 trading days of receipt of the disclosure or from becoming aware of such information.

If so demanded by the Compliance Officer, above referred Persons shall furnish copies of account statements of securities, or such other document as may reasonably be required by the Compliance Officer, in order to enable him to verify the accuracy of the information furnished and monitor adherence with this Code, by Designated Persons. Such statement or other document is required to be submitted within 7 calendar days of demand or within such extended period as may be allowed by the Compliance Officer.

### 7.3 Quarterly Disclosure

Every Designated Person, Promoter, KMP and Director of the Company is obliged to

submit quarterly disclosure through Insider Trading and SDD Software to the Compliance officer of the Company disclosing their shareholding irrespective of number of securities traded, within seven days of the completion of the quarter.

#### **7.4 Annual Disclosure**

Every Designated Person, Promoter, KMP and Director of the Company shall on annual basis, disclose in Form - H to the Company, the details of all holdings in Securities of the Company held by him including statement of holding of their immediate relatives on or before April 30 (for year ended March 31).

### **8. MAINTENANCE OF STRUCTURED DIGITAL DATABASE**

- 8.1 The Company shall maintain a structured digital database containing the names of such persons or entities as the case may be with whom information is shared under this code read with PIT Regulations, along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.
- 8.2 The said digital database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

### **9. MECHANISM FOR PREVENTION OF INSIDER TRADING**

The Company has adopted system of internal controls which mainly consist of the following, to prevent dealing in securities by insiders with misuse of unpublished price sensitive information

- 9.1 All employees who have access to unpublished price sensitive information are identified as designated employee
- 9.2 All unpublished price sensitive information shall be identified and its confidentiality shall be maintained by designated employee and others who have knowledge of unpublished price sensitive information.
- 9.3 Adequate restriction shall be placed on procurement, communication and sharing of unpublished price sensitive information by designated employee and others who have knowledge of unpublished price sensitive information.
- 9.4 List of employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreement shall be executed or notice shall be served to all such employees and persons
- 9.5 Audit Committee shall review once in a financial year, the process to evaluate effectiveness of the above said internal controls and shall verify that the system for

internal control are adequate and are operating effectively.

9.6 Audit committee shall review at least once in a financial year, compliance with this code read with PIT Regulations.

## **10. DEALING IN CASE OF SUSPECTED LEAK OR LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI)**

### **10.1 Inquiry for Leakage of UPSI**

All UPSI shall be handled on a need to know basis only. In case of any UPSI is proposed to be provided, the person proposing to provide the information shall consult Chief Financial Officer / Company Secretary / Chairman and Managing Director in advance.

In case any UPSI is leaked or is suspected to be leaked by any insider, the Ethics & Compliance Task Team will investigate the matter and collect / gather the evidences and will report to the Chairman of Audit and Risk Management Committee. The Chairman of the Audit Committee will thereafter convene meeting of Audit Committee depending on severity of the matter.

### **10.2 Process for inquiry**

All the matters concerning leak of UPSI or suspected leak of UPSI, will be thoroughly investigated by Ethics & Compliance Task Team / Chief Financial Officer. Such team / Chief Financial Officer may at their discretion, consider involving external investigators for the purpose of the investigation.

The Ethics & Compliance Task Team / Chief Financial Officer may ask the concerned insider to remain present for investigation, discussion etc. and for such investigation task team may ask for personal bank account statement or such other details or documents as it deems fit.

### **10.3 Powers of Ethics & Compliance Task Team / CFO**

The powers of Ethics & Compliance Task Team / CFO for inquiry under this clause are as under.

- To investigate the matter
- To ask concerned insider for personal presence, examination, cross examination etc
- To call for personal information/documents from insider
- To file complaint, if required, before police authority / Designated cell under Information Technology Act, 2000
- To retain the documents gathered during investigation
- To report to Audit Committee

#### **10.4 Report to Audit Committee for appropriate action**

The Ethics & Compliance Task Team / CFO will report to the Chairman of the Audit & Risk Management Committee and upon receipt of report by the Chairman, he will convene meeting of the Audit Committee, depending on severity of the matter. The Audit Committee based on such report decide the suitable action including but not limited to withholding of salary / termination of employment / monetary penalty.

#### **11. PRINCIPLES OF FAIR DISCLOSURE WITH RESPECT TO UNPUBLISHED PRICE SENSITIVE INFORMATION**

- 11.1 The Chairman & Managing Director, the Chief Executive Officer, the Chief Financial officer, the Company Secretary of the Company or any person, which the Board may deem fit, are entitled to deal with dissemination of information and disclosure of unpublished price sensitive information.
- 11.2 The Company to make 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.
- 11.3 The Company would ensure uniform and universal dissemination of unpublished price sensitive information like publication of policy(s) related to dividend, if any, inorganic growth pursuits, etc. to avoid selective disclosure, thereby providing equality of access to such price sensitive information to all concerned.
- 11.4 Once the Unpublished Price Sensitive Information made public i.e. post dissemination to the stock Exchange(s), such information may be shared with media, analysts, investors etc.
- 11.5 The Company shall promptly disseminate unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- 11.6 The Chairman & Managing Director, The Director (Designated) – International Business, Chief Executive Officer, Chief Financial Officer, compliance officer and head corporate communications, (if any) shall jointly and/or severally give appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- 11.7 The above said personnel of the Company to ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
- 11.8 The compliance officer shall ensure that the best practices are developed to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences and to host such transcripts, etc. on the official website of the Company to ensure official confirmation and documentation of disclosures made, within 15 working days of the event.
- 11.9 The Company to ensure that all Unpublished Price Sensitive Information to be handled and shared only on a need-to-know basis

## **12. PROCESS FOR HOW AND WHEN PEOPLE ARE BROUGHT 'INSIDE' ON SENSITIVE TRANSACTIONS**

The Compliance Officer in consultation with CEO or CFO of the Company shall decide on how and when any person(s) should be brought 'inside' on any proposed or ongoing sensitive transaction(s). The Compliance Officer (along with CEO and CFO) shall consider whether such person being wall – crossed, is being provided UPSI on a need – to – know basis. Further, information shared with such wall – crosser should be limited to the specific transaction or purpose for which their assistance is required.

Additionally, a person(s) may also be brought inside on any proposed or ongoing sensitive transaction(s) of the Company who may be an existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants etc. for legitimate purpose which shall include the following;

- i. in the ordinary course of business
- ii. in furtherance of performance of duty(ies);
- iii. for discharge of legal obligation(s).
- iv. for any other genuine or reasonable purpose as may be determined by the Compliance Officer of the Company.
- v. 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.

## **13. INTIMATION OF DUTIES AND RESPONSIBILITIES AND THE LIABILITY TO THE PERSON(S) WHO HAS/HAVE BEEN BROUGHT INSIDE' ON SENSITIVE TRANSACTION(S).**

Any person(s) who has/have been brought inside on any proposed and/or ongoing sensitive transaction(s) and in receipt of unpublished price sensitive information shall be considered an "insider" for purposes of this Code and due notice shall be given to such persons, in the format as set out in by the Compliance Officer in consultation with CEO and/or CFO of the Company; (i) To make such person aware that the information shared is or would be confidential. (ii) To instruct such person to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations. (iii) To make such person aware of the duties and responsibilities attached to the receipt of such information and the liability attached to misuse or unwarranted use of such information.

## **14. CONSEQUENCES OF DEFAULT / PENALTIES FOR CONTRAVENTION**

**Consequences of default include the following:**

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).

The Designated person, who violates this Code shall, in addition to any other penal action that may be taken by the Company pursuant to the law, also be subject to disciplinary action including termination of employment, suspension, wage freeze, non-participation in future employee stock option or any other appropriate action as may be imposed by the Audit Committee / Board.

In any non-adherence is observed, the Compliance officer shall cause an internal enquiry and if non-compliance is established, he shall report to the Chairman & Managing Director / CEO and after further inquiry or investigation or direction, the Chairman & Managing Director / CEO will decide further course of action including reporting to the Board of Directors.

In case of any non-observance of this code by any Director, the same shall be decided by the Board.

Action taken by the Company for violation of this code against any Designated Person will not preclude the SEBI from initiating any action for violation of the Regulations or any other applicable laws, rules, directions, etc. Accordingly, in addition to the action taken by the Company, the person violating this Code and Regulations will also be subject to action by SEBI.

In case the Board of Directors of the Company observed and determined that there has been violation of this code and Regulations, it is mandatory for the Board to inform the SEBI about such violation, as per the Regulations.

- i. As per the Section 15G and 24 of the Act, Insider, who violate the PIT Regulations, are liable to a penalty that may be imposed by SEBI which shall not be less than Rs. 10 lakhs but which may extend to Rs. 25 crores or 3 times the amount of profit made out of the Insider Trading, whichever is higher and shall also punishable with imprisonment for a term extending to 10 years or a fine up to Rs. 25 crores or with both.
- ii. As per Section 11(C) (6) of the Act, if any person without justifiable reason, refuse to cooperate in any investigation by SEBI with respect to Insider Trading, then he shall be punishable with an imprisonment for a term extending up to one year, or with fine up

Rs. 1 Crore or with both, and also with further fine up to Rs. 5 lakh for every day of such non co-operation.

- iii. As per Section 11(4) (b) of the Act, SEBI is also empowered to pass directions to such insider not to deal in the concerned securities in any particular manner and/or prohibit him from disposing of the concerned securities and/or declaring the concerned transaction(s) of securities as null and void, restraining the insider from communicating or counseling any person to deal in Securities.
- iv. When a person who was traded in securities has been in possession of Unpublished Price Sensitive Information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. This onus is on the insider to prove that they are innocent.

Any violations under the PIT Regulations and this Code will be reported by Compliance Officer to SEBI.

#### **15. ROLE OF COMPLIANCE OFFICER IN PREVENTION OF INSIDER TRADING.**

The Compliance Officer shall be responsible for setting forth policies, procedures and monitoring adherence to the rules for the preservation of unpublished price sensitive information, pre-clearing and monitoring of trades and the implementation of this Code under the overall supervision of the Board of Directors of the Company.

The Compliance Officer shall report to the Board of Directors/ Stakeholders Committee / Audit Committee (by whatever name called), the changes in Designated Persons, the details of trading plans received, pre-clearance given and / or any violation of the PIT Regulations reported.

The Compliance Officer shall maintain a record of the Designated Persons and any changes made in the list of Designated Persons.

The Compliance Officer shall assist all the persons in addressing any clarification regarding this Code and the PIT Regulations.

The Compliance officer shall report to Audit Committee/Board of Directors any amendment to SEBI (PIT) Regulations, 2015 and accordingly this code will be amended by Audit Committee/Board of Directors depending upon the effect of proposed amendment.

#### **16. AUDIT COMMITTEE**

The Audit Committee shall review the compliance with the provisions of this Policy and



shall verify that the systems for internal control are adequate and are operating effectively on an annual basis.

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Footnote

1. The Board of Directors of Shalby Limited at its meeting held on December 20, 2016 has adopted this Code first time.
2. The Board of Directors of Shalby Limited at its meeting held on January 28, 2019 has modified this Code in view of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 notified on December 31, 2018 and subsequent amendment thereto notified on January 21, 2019, September 29, 2020, May 25, 2022, January 17, 2023, and on June 25, 2024. The said revised code is effective from September 23, 2024.
3. Clause 5.1 definition of 'Designated person' has been amended effective from September 29, 2020.