



"सत्यं वद । धर्मं चर । Speak the Truth. Abide by the Law"



AN OVERVIEW

ON

PREVENTION

OF

INSIDER TRADING

Lead by Example

यद्यदाचरित श्रेष्ठस्तत्तदेवेतरो जनः ।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥
[Gita: 3.21]

(Whatever a great man does is followed by others;
people go by the example he sets up)

FOREWORD



Dear Friends,

For a large corporation of our size which indeed is a multinational with presence in all parts of the globe and enjoys the status of being a market leader and a dominant player in the important segment of Carbon Steel / Alloy Steel and Stainless Steel pipes and tubes marketing covering all sizes and all grades and serving some of the best clients in the world, maintaining highest level of corporate governance is one of our hallmarks that we are proud of. Even the regulators and other watch dogs including SEBI and the Stock exchanges have at various occasions acknowledged and complimented the highest standards of compliance being maintained by us.

The forgoing has created immense confidence in all our stakeholders including clients, bank, financial institutions, rating agencies, vendors and every other counterpart who have been dealing with us in our normal course of business. We have been able to create a place for ourselves among the domestic and international shareholders which we cherish and are proud of.

Being listed at the two major stock exchanges in India has cast higher onus and responsibility on us where we are responsible to all our investors, whether large institutional investor or small individual investor, who have invested in the equity of our company. These include maintaining highest level of transparency and open communication with the investors through the stock exchanges and other forums like investor's call, shareholders meeting etc.

The senior management, the key management personnel as well our employees at large have a lot of information about the company which may impact the company in near, medium and long term. Therefore, the onus lies on all of us that we do not use any of these information such that the investors at large are disadvantaged or any of our employees make a wrongful gain. The regulators have put a robust framework in place to prevent "Insider Trading" and I am happy to let you know that we have instituted the necessary infrastructure and security measures for strict compliance of the same. The company is also diligent in disseminating timely information with respect to compliance with the requirements of the framework.

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I am delighted to present to all of you a comprehensive and well thought out document highlighting all the relevant aspects of “Insider Trading” prepared by our Secretarial Department which should act as a guideline and a rulebook for all of us to abide by it. Wish you all the best and hope together we shall create shareholders value for all.

NEERAJ KUMAR
GROUP CEO & WHOLE TIME DIRECTOR

PREFACE



Dear All,

The Insider Trading is a social evil and is an unethical practice for making secret profit. Therefore, stringent provisions have been brought in to prevent and check such malpractice of Insider Trading. Both the companies and the individuals termed as Insiders have been brought into the purview of legal framework which imposes strict penalties in case of default. The SEBI has brought in SEBI (Prohibition of Insider Trading) Regulations, 2015 for this purpose. It is, therefore, imperative to fully comprehend the nuances of Insider Trading and its implications so that it is avoided in all circumstances. The violation of Insider Trading provisions not only attracts the penalties /fine but also impacts the credibility of the corporates as well as individuals. For this reason, it is utmost necessary to comply with the Code of Conduct as mandated and to follow the applicable regulations as a responsible person. With this view in consideration, this booklet has been brought out explaining the concept and compliances to be made in this regard including the consequences in case of default. It is hoped that this booklet will prove beneficial to all concerned in terms of its objectives.

I express my sincere thanks to the members of my team for their efforts to bring out this booklet. I also request readers to send their suggestions/comments for further improvement.

SUNIL K JAIN
COMPLIANCE OFFICER

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INTRODUCTION:

To do the business or manufacturing on a large scale basis huge amount of resources like capital, labour, land and equipment etc. are required. It is very difficult to obtain huge resources for doing the business on large scale by single individual or small entities. Therefore, the concept of joint stock companies came into being. In order to attract the large amount of money towards capital, the concept of issuance of shares by the corporates to the public at large become prevalent. Simultaneously, the separation of ownership from the management also come into being to ensure transparency and good governance in the affairs of the corporations. When a company becomes public then both ownership and the management in the company are separated, owners are the investors who invest and help to enhance the capital in the company and the management help to manage the business. All of the daily processes that are required for the operations of the business come under management. If these are executed effectively, then the business will make a profit and the Investors will be able to get dividends and also reinvest in the business.

With the separation of the ownership from the management, there is fiduciary duty on the management to remain transparent, equitable and follow the principal of good corporate governance with regard to the affairs of the corporates. The management is always deemed to possess the information about the affairs of the corporations to the exclusion of others which may be used for making personal gains by dealing in the shares of the corporations on the basis of such information. This type of information which is not known to the public at large is regarded as unpublished price sensitive information. Thus, the concept of Insider Trading came into being and those who having such information may indulge into trading of shares of the corporations and make financial gains on the basis of such information that is not being available in the public domain and this type of practice is called Insider Trading. Off-late such type of practice have become quite prevalent and prone to instigate persons not only connected with the management of the corporations but associated as auditors, bankers and financiers etc. to deal with the shares of the corporations and make financial gain. In order to create level playing field vis-a-viz the management and public shareholders, the Insider Trading has been defined as an offence under the legislation and people are advised not to indulge in the same except to the extent so permitted.

To reduce such type of malpractices or unethical behavior and to maintain the transparency, many rules and regulations have been framed by Securities and Exchange Board of India, one of them is SEBI (Prohibition of Insider Trading) Regulation which was first introduced in 1992.

Under Section 11 (2) (g) of the SEBI Act, the prevention of insider trading has been mentioned as one of its duties. Also, Section 12A of the SEBI Act restricts insider trading in companies whose securities are listed on the stock exchanges by stating that “no person shall directly or indirectly: (a) engage in insider trading; or (b) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any person, in a manner which is in contravention of the provisions of SEBI Act, the Rules and the Regulations made there under.”

BACKGROUND OF INSIDER TRADING:



The first concrete attempt to prevent the Insider Trading was made by Thomas Committee in 1948 in which they cited instances where Directors, agents, officers, and auditors possessing information relating to economic conditions of the company regarding the dividends to be declared, or issue of bonus shares or the financials prior to public disclosure. Accordingly, the changes were incorporated in the Companies Act of 1956 in the form of duty on directors to make disclosure of their shareholdings in the company and the Company shall maintain a register to record the director’s shareholdings in the company.

The Patel Committee in 1986 also recommended that the Securities Contract (Regulation) Act, 1956 may be amended to make exchanges to curb insider trading and unfair stock deals.

Then, the Abid Hussain Committee in 1989 recommended that insider trading to be covered under civil and criminal laws that SEBI should formulate the regulation and governing codes to prevent unfair deals.

The recommendations of the various committees and the needs of rapidly advancing securities market gave way to the formulation of a comprehensive legislation known as the SEBI (Insider Trading) Regulations, 1992 which after subsequent amendment in 2002 came to be known as SEBI (Prohibition of Insider Trading) Regulations, 1992.

The SEBI panel in 2013, headed by former Chief justice of India N. K. Sodhi suggested a range of recommendations to the legal framework for prohibition of insider trading in India and focused on making this area of regulation more predictable, precise and clear by suggesting a combination of principles-based regulations and rules that are backed by principles including trades by promoters, employees, directors and their immediate relatives would need to be disclosed internally to the company. The Committee also suggested that each regulatory provision may be backed by a note on legislative intent. On the basis of their recommendations SEBI introduced new Prohibition of Insider Trading Regulations, 2015 that were made effective from 15th May, 2015.

Presently, SEBI, the market watchdog, regulates insider trading through SEBI (Prohibition of Insider Trading) Regulations 2015.

WHY TO CONTROL INSIDER TRADING?



Insider trading can be defined as the dealing in shares of a publicly traded company by individuals, who have access to the Price Sensitive Information not yet disclosed to the public at large. Generally, the insiders are the company's owners, business partners, directors or officers and their immediate relatives who know the company's inside out.

Trading by an Insider could be legal or illegal. When the Insider deals in shares of the company using only the public information, then it is treated as legal. On the other hand, if non-public information is used to deal then it is treated as illegal. There are many reason to control the Insider trading for instances:

- **To protect general investors:** The manipulation of market by using Insider trading generally causes great losses to the general investors, thus leading to loss for investors or great profit only for the Insiders. It steals away the possibility of earning profit from an investor.
- **To protect the interest and reputation of the company:** Once a company faces a problem of Insider Trading, investors tend to lose confidence in the company and stop investing in the company.

- **To maintain confidence in the stock exchange operations:** SEBI as a watchdog, also regulates trading, if any Insider gets a chance to get past the laws, it decreases the investors' confidence in the stock market operations itself.
- **To maintain Public confidence in the financial system as a whole:** To have a healthy economy, a proper financial system is must and for that, confidence in the market is of utmost importance and to maintain the confidence of the Investors, it is required to protect the interest of investors from unethical or illegal activities.

SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

SEBI (Prohibition of Insider Trading) Regulations, 2015 were made effective from 15th May, 2015, by repealing the erstwhile SEBI (Prohibition of Insider Trading) Regulations 1992.

In December 2018, SEBI introduced certain amendments to PIT Regulations pursuant to the recommendation made by the Justice Sodhi Committee. These amendments have become effective from 1st April 2019.



- The scope of various definition became wider. Now every connected person including their relatives and public servants who have expected to have access to Unpublished Price Sensitive Information are considered as an Insider.
- Every Listed Companies must formulate and publish a code of practices to be followed for safe and fair disclosures of Unpublished Price Sensitive Information in accordance to principles set out in Schedule A to the Regulations.
- Trading windows are set to be closed up to 48 hours after the Unpublished Price Sensitive Information becomes public.
- Due Diligence may be conducted when the boards is of the opinion of the mergers or transaction is in the interest of the company.

- The concept of Trading Plan has introduced in the regulations wherein insider who are liable to possess Unpublished Price Sensitive Information all-round the year are permitted to formulate trading plans with appropriate safeguards mentioned in the Regulations.
- Establishment of Institutional Mechanism for the prevention of Insider Trading.

The regulations may be accessed on the following link:

<https://www.sebi.gov.in/legal/regulations/sep-2019/securities-and-exchange-board-of-india-prohibition-of-insider-trading-regulations-2015-last-amended-on-july-17-2020-41717.html>

The important definition covered under the above Regulations are given thereunder:



- **Trading** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- **Insider** means any person who is:
 - (i) A connected person; or
 - (ii) In possession of or having access to unpublished price sensitive information.
- **Connected Person** means:
 - (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
 - (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:

- (a) An immediate relative of connected persons specified in clause (i); or
- (b) A holding company or associate company or subsidiary company; or
- (c) An intermediary as specified in Section 12 of the Act 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 percent of the holding or interest;

- **Designated Person”:**

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

- **Immediate Relative** means a spouse of a person, and includes parents, 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.
- **Unpublished Price Sensitive Information** is 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:



- Financial results,
- Dividends,
- Change in capital structure,
- Mergers, de-mergers, acquisition, delisting, disposals and expansion of business and such other transaction;
- Changes in key managerial personnel;

HOW CAN AN INSIDER DEAL IN THE SECURITIES OF THE COMPANY?

Prohibition of Insider trading regulations, 2015 provide two options to Insiders including Designated Employees to deal in the securities of the company which are as follows:

Option 1: Pre-clearance of trades

When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information.

Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information.

The code of conduct shall specify any reasonable time frame, which in any event shall not be more than seven trading days, within which trades have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

The board of directors shall specify under the code in respect to the time frame of contra trade, which shall in any case should not be less than six (6) months. A designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.

Option 2: Trading Plan



The Designated person who are perpetually in possession of Unpublished Price Sensitive Information shall have an option to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which Trades may be carried out on their behalf in the Securities of the Company.

A trading plan is to accommodate firm plan to acquire/ dispose off securities typically by strategic shareholders. For example, a holding company may have plan to do disposal of its subsidiary at a pre-specific time. Also, promoters of the company may have a firm plan to do a creeping acquisition of securities in their controlled company. These plans are pre announced, and are firm plans irrespective of the prevailing price. Hence, they are insensitive to prices, and hence, are presumably immune from allegations of insider trading.

The compliance officer would have to review and approve the plan. For doing so, he may need the insider to declare that he is not in possession of unpublished price sensitive information at the time of making the Trading Plan.

Pre-clearance of trades shall not be required for a trade to be executed as per an approved trading plan.

Trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

However, the Insider has to comply with certain conditions specified as below:

Such trading plan shall:

- Not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;

- Entail trading for a period of not less than twelve months;
- Not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- Not entail overlap of any period for which another trading plan is already in existence;
- Set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected;
- Not entail trading in securities for market abuse.

The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan.

Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

DISCLOSURES TO BE MADE BY INSIDERS UNDER PROHIBITION OF INSIDER TRADING REGULATIONS, 2015:



The Company is obligated to disclose all the price sensitive/ material information to the public at the earliest, so that a level playing field is achieved amongst all the shareholders and proposed investors. When the information is equally available to all, there is no distinct advantage that insiders can capitalize on.

Following are the disclosures that the Insider or the Companies are requires to disclose:

Type of Disclosure	What	By	To	Time Period
Initial Disclosure (Form B)	Holding in the Company	Promoter, KMP or Director of a listed company	Company	Within 30 days of these Regulation taking effect

	Holding on the date of appointment	Promoter, KMP or Director	Company	Within 7 days of such appointment
Continual Disclosure (Form C)	Value of securities traded, in aggregate, in a calendar quarter, exceeds traded value of Rs. 10 Lakhs or any other value as may be prescribed	Promoter or Director or Designated Employee	Company	Within two days of such transaction
		Company	Stock Exchange	Within two days of receipt of disclosure
Period End Disclosure	Holding in the Company	Every Insider	Company	Within 15 Days of Year end.

The SEBI (Prohibition on Insider Trading) Regulations, 2015 came out with various responsibilities and compliances on the listed entities. One of the important responsibility is to formulate a code of practices and procedures for fair disclosure and code of conduct to regulate, monitor and report trading by Insiders.



CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE

The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information. The code shall adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.

Explanation: This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule.

Schedule A: Principles given are as follows:

- 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.
- Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
- Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
- Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
- Handling of all unpublished price sensitive information on a need-to-know basis.

On the basis of abovementioned principles, the Company has formulated and implemented its own Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. A copy of the Company's Code of Fair Disclosure is annexed as Appendix I.

This is also available on the website of the Company's at the link: <http://www.jindalsaw.com/pdf/POLICY-Price-Sensitive-Information-JSAW.pdf>.



CODE OF CONDUCT:

The board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B in case of a listed company and Schedule C in case of an intermediary) to these regulations, without diluting the provisions of these regulations in any manner.

Explanation: Every company whose securities are listed on stock exchanges and every intermediary registered with SEBI is mandatorily required to formulate a code of conduct governing trading by designated persons and their immediate relatives. The standards set out in the schedules are required to be addressed by such code of conduct.

Schedule B-Minimum Standards for Code:

- Compliance officer to report the Board.
- Provide reports to Chairman of Audit Committee/Board.
- Information to be handled on a need to know basis.
- Unpublished Price Sensitive Information to be communicated for legitimate purposes.
- Code to have appropriate Chinese Walls process and process for exceptions.
- Designated Persons and immediate relatives of designated persons in the organisation shall be governed by the internal code of conduct while dealing in securities.
- Designated person may trade subject to compliance with SEBI Regulations.
- Trading window closure when compliance officer determines.
- Designated persons and immediate relatives shall not trade when trading window is closed.

- Time for re-opening of trading window to be determined by compliance officer not earlier than 48 hours after the information is generally available.
- Compliance officer to seek declarations that the insider does not have the access of Unpublished Price Sensitive Information.
- When the trading window is open, trading by designated persons shall be subject to pre-clearance.
- Pre-cleared trades to be executed within the reasonable time frame (not more than 7 trading days).
- No contra trade for 6 months after preclearance – Compliance officer can grant relaxation for reasons to be recorded in writing.

Contra trade means prohibition from entering into an opposite transaction in securities within six months of having sold/bought securities.

- Contra Trade shall not be applicable for trades pursuant to exercise of stock options.
- Code to stipulate disciplinary actions, wage freeze, suspension etc., violation of code to be reported to SEBI.
- In case it is observed by the listed company that there has been a violation of the code of Conduct shall promptly inform the Stock Exchange(s) where the concerned securities are traded.
- Any amount collected by the listed companies, intermediaries and fiduciaries under the violation(s) of Code of Conduct shall be remitted to the Board for credit to the Investor Protection and Education Fund (IPEF) administered by the Securities and Exchange Board of India Act, 1992.
- Designated persons shall be required to disclose names and Permanent Account Number or any other identifier.

On the basis of abovementioned principles, the Company has formulated and implemented its own Code of Conduct. A copy of the Company's Code of Conduct is also annexed as Appendix II.

The Code is also available on the website of the Company's at the following link:
<http://www.jindalsaw.com/pdf/Revised-Code-of-Conduct-for-Prevention-of%20Insider-Trading-JSAW.pdf>



The Insider Trading Regulations require Companies to maintain a structured Digital database with an adequate internal controls and audit trails to facilitating compliance.

INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING:

The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary 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.

The internal controls shall include the following:

- All employees who have access to unpublished price sensitive information are identified as designated person;
- All the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- Lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- All other relevant requirements specified under these regulations shall be complied with;
- Periodic process review to evaluate effectiveness of such internal controls.

The Audit Committee of a listed company or other analogous body for intermediary or fiduciary shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

Every listed company shall formulate written policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, which shall be approved by board of directors of the company and

accordingly initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

The listed company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

If an inquiry has been initiated by a listed company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall co-operate with the listed company in connection with such inquiry conducted by listed company.

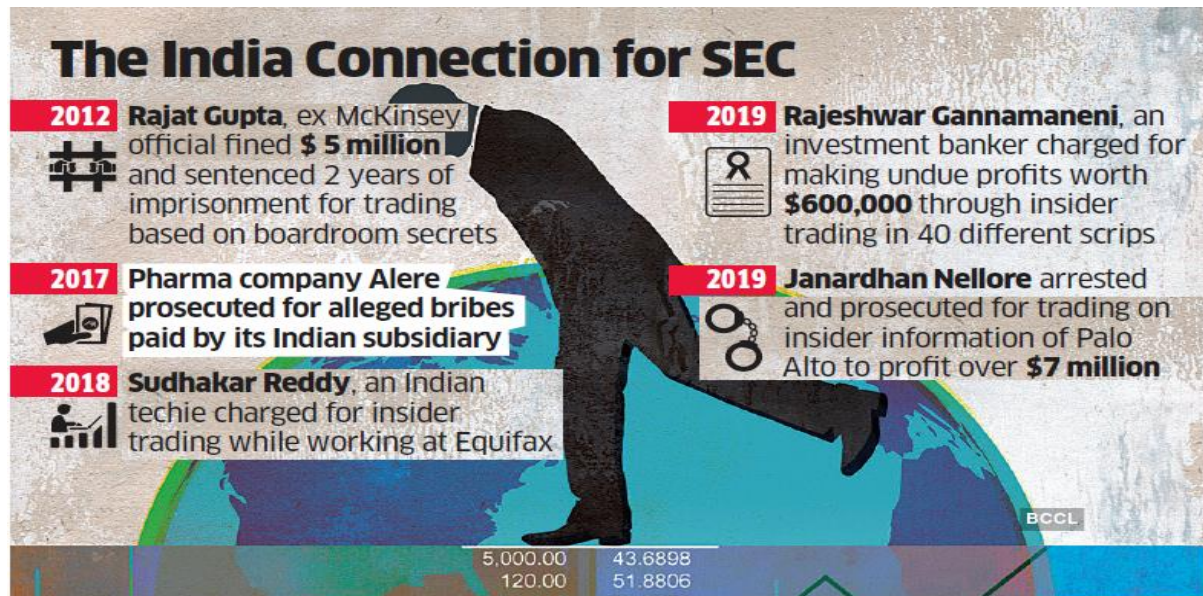
In order to comply with the requirement, the Company had implemented an Insider Trading Platform namely “**Vigilante**” which serves this objective along with facilitating compliance, creates more awareness and increases participation from Insiders.

FEATURES OF VIGILANTÉ ARE AS FOLLOWS:

- Digital database with the name of designated persons along with the Permanent Account Number;
- Enables creating awareness among Insiders through alerts, reminders, reports;
- Simplifies the process for seeking pre clearances, reporting trades and disclosures;
- Independent access to non-employee Insiders (connected persons) brings them on the same platform which simplifies communication, approvals, monitoring and reporting;
- Ensure compliance with amended SEBI Insider Trading Regulations effective from 1st April 2019.

POWERS OF THE REGULATOR AND PENALTIES:

SEBI is the market watchdog that is entrusted with the responsibility of monitoring and regulating the securities market in India. It is often said that SEBI is a toothless tiger and the lack of power vested in SEBI defeats the objectives for which SEBI has been established. This negative sentiment is extended to the regulation of insider trading also and the general perception in India is that the Indian legal system is sorely lacking and backward in insider trading law in comparison to the laws in other jurisdictions. Some of the legal experts discount this perception as unfounded and opine that the Indian approach to insider trading is far more ferocious than any other country.



The process of investigation of insider trading is structured under the Indian laws as follows:

Inquiries & inspection

If SEBI suspects any violation, it may conduct an enquiry into the books and records of the suspected parties. It may also examine the books and records of the stock exchanges, mutual funds, intermediaries, self-regulatory organizations and other associated persons. Based on this enquiry, it will form a prima facie opinion as to whether investigation is necessary and whether there is any violation of the Insider Trading Regulations.

Investigation

If further investigation is necessary, SEBI shall dispatch a notice to the insider for the said purpose. It may appoint an investigating authority for the purpose of investigation. This investigating authority has the power to call for any documents, records, accounts and information, relating to the transaction in the securities market, from the insider. The subject is to allow the investigating authority reasonable access to the premises and facilitate the examination of documents, records, accounts and information in possession. The investigation authority is also entitled to record and examine the statements of any member, director, proprietor or employee of the insider. After due consideration of the investigation report of the investigation authority, SEBI shall communicate its findings to the insider who shall reply. On receipt of the reply, SEBI shall make its decision.

Appointment of Auditor

In addition to the investigation, an auditor may also be appointed by SEBI to investigate the books of accounts or other affairs of the insider.

Directions and Penalties

Depending on the outcome of the investigation, SEBI may inter alia prohibit the insider from investing in or dealing in securities, declare violate transactions as void, order return of securities so purchased or sold. SEBI may also impose a penalty of minimum INR 10,00,000 (Rupees 10 Lakhs) which may extend to INR 25,00,00,000 (Rupees Twenty Five Crores) or 3 times the profit made out of insider trading, whichever is higher.

Further, under section 24 of the SEBI Act, SEBI has additional powers to punish any person contravening or attempting to contravene or abetting the contravention of the SEBI Act with imprisonment for a term which may extend to ten years or with fine which may extend to INR 250,000,000 (Rupees Two Hundred Fifty Million Only) or with both.

LANDMARK CASES:



Prohibition of Insider Trading Regulations i.e (PIT Regulations) contained penal provisions for different non-compliances such as:

- Passing on unpublished price sensitive information (UPSI) to other person;
- Failed to make disclosure to the company and the stock exchange;
- Entered into opposite transaction in the shares of the Company i.e Contra trade;
- Non-adhering the company's code of conduct on Insider trading; etc.

and SEBI, time to time imposed severe penalties for not adhering the provisions of PIT Regulations, that we are bringing to your knowledge regularly.

The following are the recent cases on which the SEBI has initiated inquiry and imposed hefty penalties in the form of fine or imprisonment too:

Hindustan Lever Limited Vs SEBI

Hindustan Lever Limited (HLL) and Brooke Bond Lipton India Limited (BBLIL) were subsidiaries of a common parent company called Unilever Inc in UK and were under the same management. HLL purchased 8 lacs shares of BBLIL from UTI on the 25th March 1996 at the rate of Rs.350.35 per share. A merger announcement was made 25 days after the purchase transaction had taken place. HLL announced its merger with BBLIL and notified the same to the stock exchanges. BBLIL's share price shot up by Rs. 50 per share after the merger.

SEBI was notified about the leakage of the merger information and insider trading by the market as well as the media. Therefore, SEBI had initiated investigations into the matter and found that HLL as an Insider had purchased the securities of BBLIL from UTI on the basis of the Unpublished Price Sensitive Information about the impending merger, thereby violating the provisions of the Insider Trading Regulations and the SEBI Act. As a result, UTI incurred losses.

SEBI in exercise of its powers under Section 11 B of the SEBI Act read with Regulation 11 of the Insider Trading Regulations had directed the HLL to compensate UTI to the extent the UTI had suffered losses. SEBI estimated the losses caused to UTI to the tune of Rs. 3.04 crores. The basis for this calculation was the difference between the market price of the shares of BBLIL at which the shares were sold by UTI to HLL before the announcement of merger and after the announcement excluding premiums. UTI and HLL filed separate appeals against the SEBI's order before the appellate authority.

For Detailed Study you can access the case on the following link:

<https://corporate.cyrilamarchandblogs.com/2017/10/insider-trading-hindustan-lever-limited-v-sebi/>

Dilip Pendse Vs SEBI

Nishkalpa was a wholly owned subsidiary of Tata Finance Ltd (TFL), which was a listed company. Pendse was the Managing Director of TFL. On 31st March 2001 Nishkalpa had incurred a huge loss of Rs. 79.37 crores and this was bound to affect the profits of Tata Finance Limited. This was basically an Unpublished Price Sensitive Information which Pendse was aware. This information was disclosed to the public only on 30th April 2001. Thus any transaction by an Insider within the period of 31/03/2001 and 30/04/2001 was bound to fall within the scope of Insider Trading. Dilip Pendse passed on this information to his wife who sold 2,90,000 shares of TFL held in her own name as well as in the name of the companies controlled by her and her father-in-law. SEBI levelled charges against Dilip Pendse for Insider Trading.

However, SAT in its recent ruling turned down the charges of Insider Trading as against Pendse on account of failure to adhere to the fundamental principle of permitting cross examination of a person on whose statements such charges were established and it lacked the necessary evidence.

This case testifies the fact that SEBI lacks a thorough investigative mechanism and a vigilant approach due to which culprits are able to escape from the clutches of law. In most of the cases, SEBI failed to adduce evidence and corroborate its stance before the Court. Unlike the balance of probabilities that is required in proving a civil liability, a case involving criminal liability requires the allegations to be proved beyond reasonable doubts. Therefore, there should be thread bare investigation and all loopholes if any should be properly plugged in.

For detailed study you can access the case on the following link:

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-disposes-of-insider-trading-case-against-ex-tata-fin-md-dilip-pendse/articleshow/59811213.cms>

Chandrakala Vs SEBI

Facts: The board meeting of M/s Rasi Electrodes Ltd. (“REL”) was scheduled to be held on June 30, 2007, in which meeting the financials of REL and the rate of dividend for the financial year were to be finalized. The agenda for the board meeting was finalized between June 19 to 21, 2007 and the agenda was discussed internally between Mr. B. Popatlal Kothari, chairman and managing director and Mr. G Mahavirchand Kochar, whole time director of the company. Hence, during this period, information about the financial results and dividends constituted Unpublished Price Sensitive Information.

Similarly, the agenda for the board meeting to be held on July 25, 2007, inter alia, including issuance of shares was discussed internally during the period between July 15, 2007 to July 17, 2007 and the agenda paper was circulated on July 17, 2007. Therefore, the period from July 15, 2007 to July 17, 2007 was a period when the information about the issue of bonus shares was Unpublished Price Sensitive Information. Mrs. Chandrakala, who is the accused in the matter, happens to be the wife of the promoter of REL, Mr. Uttam Kumar Kothari, who is the brother of Mr. B. Popatlal Kothari, the chairman and managing director of REL. She had traded in the scrip of the company when the information on the bonus issue and the financial results were Unpublished Price Sensitive Information. Her transactions were noted by the SEBI Board, as the Board conducted investigations into the rise in price and volume in the scrip of the company during the period 8th June, 2007 to 20th July, 2007.

It was clear that at the time of the trading, Mrs. Chandrakala was an ‘insider’ and the information on bonus issuance and the financial results were Unpublished Price Sensitive Information. However, a defense was taken in favour of the accused that offense of insider trading will only be committed if the trading is undertaken on the basis of Unpublished Price Sensitive Information and mere possession of any Unpublished Price Sensitive Information at the time of trading will not result in insider trading.

Question of Law: Regulation 3 prohibits from trading in securities when they are in possession of any Unpublished Price Sensitive Information. No insider shall either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information, prescribes Regulation 3(1) of the Insider Trading Regulations. Hence, it had to be determined whether mere possession of any Unpublished Price Sensitive Information by the insider at the time of transaction would result in insider trading or is it necessary that the trading was undertaken on the basis of or in reliance of the Unpublished Price Sensitive Information that is in the possession.

Judgment: The prohibition contained in Regulation 3 of the Insider Trading Regulations apply only when an insider trades or deals in securities on the basis of any UPSI and not otherwise. It means that the trades executed should be motivated by the information in the possession of the insider. If an insider trades or deals in securities of a listed company, it may be presumed that he / she traded on the basis of UPSI in his / her possession unless contrary to the same is established. The burden of proving a situation contrary to the presumption mentioned above lies on the insider. If an insider shows that he / she did not trade on the basis of UPSI and that he / she traded on some other basis, he / she cannot be said to have violated the provisions of Regulation 3 of the Insider Trading Regulations.

SAT has in a way diluted the strict prohibition under Regulation 3 by holding that insider trading will occur only when the insider is trading on the basis of insider information and on account of mere possession of UPSI when trading in securities. However SAT has laid down a presumption that the insider would have traded on the basis of the UPSI that it holds unless proved otherwise by the insider. In light of this legal principle, Mrs. Chandrakala had to factually establish before SAT that its trading in securities was not motivated by or on the basis of the UPSI that it held. SAT examined the following facts to conclude that Mrs. Chandrakala had not violated Regulation 3 of the Insider Trading Regulations as she had not traded in securities on the basis of UPSI:

1. Mrs. Chandrakala used to trade regularly in the shares of REL in the normal course of business. Mrs. Chandrakala had not only traded in securities when she had access to UPSI but also prior to and after such period.
2. Declaration of financial results, dividend and bonus are positive UPSI which, on becoming public is likely to cause a positive impact on the price of the scrip of REL. Any person who is privy to such positive UPSI will only tend to purchase shares and not sell the shares prior to the UPSI becoming public. This was not so in the case under consideration. The trading pattern of Mrs. Chandrakala shows that she not only bought but also sold the shares when she had access to UPSI.

For detailed study you can access the case on the following link:

<http://www.nishithdesai.com/information/news-storage/news-details/newsid/1098/html/1.html>

Aditya Omprakash Gaggar (Notice) Vs SEBI

Facts: During November 2017, there were certain articles published in newspapers / print media referring to the circulation of Unpublished Price Sensitive Information (hereinafter referred to as “UPSI”) in various private WhatsApp groups about certain companies ahead of their official announcements to the respective Stock Exchanges. Against this backdrop, SEBI initiated a preliminary examination in the matter of circulation of UPSI through WhatsApp groups during which search and seizure operation for 26 entities of Market Chatter WhatsApp Group were conducted and approximately 190 devices, records etc. were seized. The

WhatsApp chats extracted from the seized devices were examined further and while examining the chats, it was found that in respect of around 12 companies whose earnings data and other financial information got leaked in WhatsApp.

Accordingly, SEBI carried out an investigation in the matter of circulation of UPSI through WhatsApp messages with respect to Bata Ltd., to ascertain any possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015 during the period of January 1, 2016 to February 10, 2016. It was observed that Bata India Ltd. had announced financial results for quarter and nine months ended on December 31, 2015 on February 10, 2016. The investigation inter alia revealed that Mr. Aditya Omprakash Gaggar (hereinafter also referred to as "Notice") among other had communicated the UPSI related to Bata India Ltd. viz; Sales, PAT and EBITDA for quarter ended December 2015 through WhatsApp messages from the WhatsApp chat of Ms. Shruti Vora.

Order: The instant case before SEBI is one such example where the information constituting UPSI has been circulated through WhatsApp messages, which conveniently wipes out any trace of the insider leaking the UPSI when the messages are deleted and manages to reach the selected group of targets. Such acts which are essentially in the form of making UPSI available on a discriminatory basis, if legitimized in the garb of routine sharing of market gossips/rumours will compromise the confidence of investors and the activity of such kind has a serious impact on the price of the securities where the limited set of people having access to UPSI stand to gain at the expense of the innocent gullible investors. SEBI in the opinion that the peculiar nature of such communication of UPSI as in the instant case has to be strictly dealt with, in order to curb and discourage any future attempts at the same

Thus, SEBI imposed a penalty of ₹15,00,000/- (Rupees Fifteen Lakhs only) on the Notice viz., Mr. Aditya Omprakash Gaggar in terms of the provisions of Section 15G of the Securities and Exchange Board of India Act, 1992 for the violation of Sections 12 A (d) & 12 A (e) of the Securities and Exchange Board of India Act, 1992 and Regulation 3 (1) of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Notice shall remit / pay the said amount of penalty within 45 days of the receipt of this order.

For detailed study you can access the case on the following link:

<https://economictimes.indiatimes.com/markets/stocks/news/whatsapp-case-sebi-imposes-rs-15-lakh-fine-on-person-for-leaking-price-sensitiveinfo/articleshow/76422079.cms?from=mdr>

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Appendix I

JINDAL SAW LIMITED

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

Framed under Regulation 8 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

PREAMBLE

The Securities and Exchange Board of India has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “**Regulations**”) on January 15, 2015. As per Regulation 8 read with Schedule A of the Regulations every listed company has to frame a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the ‘Code’) in order to disseminate ‘Unpublished price Sensitive Information’ (hereinafter referred to as ‘UPSI’) universally and not selectively by such companies. This Policy is intended to lay down the principles and practices to be followed by the Company pertaining to universal disclosure of UPSI.

The Company intends to follow best practices, duly compliant with Applicable Law, in the matter of disclosure of UPSI. Accordingly the Code was adopted w.e.f. 15th May, 2015. In view of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board of Directors has amended and approved the code which will be effective from 1st April, 2019.

I. Applicability

This Code shall apply in relation to disclosure by the Company of UPSI. The scope-exceptions as given in Applicable Law shall be applicable for the purpose of this Code as well. Any amendments in the Applicable Law, including any clarification/circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflected the contemporaneous Applicable Law at the time of its implementation.

II. Definitions

“**Applicable Law**” shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, or any statute, law, listing agreement, regulation, ordinance, rule, judgement, order, decree, bye-law, clearance, directive, guidelines, policy, requirement, notifications and clarifications, circulars or other governmental instructions and/or mandatory standards and or guidance notes as may be applicable in the matter of trading by an Insider.

“**Connected Person**” shall mean such persons as defined under the Regulations.

“**Chief Investor Relations Officer**” means such senior officer of the Company appointed by the Board of Directors of the Company, to deal with disseminations of information and disclosure of UPSI in a fair and unbiased manner.

Unless otherwise designated by the Board, the Company Secretary for the time being of the Company shall be deemed to be the Chief Investor Relations Officer. In case the Board designates any other officer, the name and designation of such officer shall be published on the website of the Company.

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

“Insider” means any person who is a connected person or in possession of or having access to UPSI;

“Selected Group of Persons” includes securities analysts or selected institutional Investor, brokers and dealers or their associated persons, investments advisers and institutional managers, investment companies, hedge funds or any other person.

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

“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 the securities and shall, ordinarily include 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 or business and such other transactions ;
- v) Changes in key managerial personnel.

All the other terms used in the Code shall have the same meaning as assigned to them under the Regulations.

III. Sharing of UPSI for legitimate purpose

- UPSI is in the nature of information relating to the Company, directly or indirectly, of precise nature that can have an impact on the prices of the securities of the Company if made public.
- Till the UPSI becomes a generally available information, UPSI can be shared only on a need-to-know basis and for legitimate purpose as provided hereunder and not to evade or circumvent the prohibitions of the Regulations :-
 - Sharing of relevant UPSI with consultants, advisors engaged by the Company in relation to the subject matter of the proposed deal/assignment in relation to UPSI ;
 - Sharing of relevant UPSI with intermediaries/fiduciaries viz. merchant bankers, legal advisors, auditors in order to avail professional service from them in relation to the subject matter of the UPSI ;
 - Sharing of relevant UPSI with persons for legitimate business purposes (e.g., attorneys, investment bankers or accountants);

- Sharing of relevant UPSI with persons who have expressly agreed in writing to keep the information confidential, such as potential customers, other developers, joint venture partners and vendors, and not to transact in the company's securities on the basis of such information.
 - Sharing of relevant UPSI in case mandatory for performance of duties or discharge of legal obligations.
- IV.** Before sharing of the UPSI, the concerned person sharing such UPSI shall comply with the requirements in relation to circumstances and procedure for bringing people 'inside' as provided in Code of Conduct for Prohibition of Insider Trading.
- V.** The Compliance Officer shall maintain record of the details of the recipients, including their PAN, Address etc., of UPSI on legitimate purpose including the following :-
- a. Whether the concerned UPSI is required to be shared?
 - b. Why the information is required by the recipient?
 - c. Who had shared the UPSI and whether he was authorised to do so?
 - d. Whether the Compliance Officer was intimated before such sharing of UPSI?
 - e. Whether non-disclosure agreements were signed?
 - f. Whether notice to maintain confidentiality of the shared UPSI has been given?

VI. Functions of the Chief Investor Relations Officer :

- Dealing with universal dissemination and disclosure of UPSI.
- Determination of questions as to whether any particular information amounts to UPSI.
- Determination of response, if any, of the Company to any market rumour in accordance with this Code.
- Dealing with any query received by any Insider about any UPSI.
- Providing advice to any Insider as to whether any particular information may be treated as UPSI.

If an Insider receives a query about any UPSI related to the company, he shall not comment on the same and shall forward such query to the Chief Investor Relations Officer. The Chief Investor Relation Officer shall deal with such query in accordance with Applicable Law and this Code in consultation with Managing Director and CFO.

VII. Disclosure Policy :

The Company shall ensure :

- Prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- Uniform and universal dissemination of UPSI to avoid selective disclosure.
- If an Insider 'selectively' discloses any UPSI to any person including the Selected Group then prompt disclosure of such information shall have to be made by the Chief Investor Relations Officer to the public. Such disclosure must be made not later than 48 hours after the Chief Investor Relations Officer learns that communication of such UPSI has taken place.
- That information shared with analysts and research personnel is not UPSI.
- Develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

Subject to Applicable Law methods of public disclosure of information to ensure uniform distribution shall include either of the following :-

- Distributing through Press Releases in newspapers or media including electronic media.
- Filing with the Stock Exchanges.
- Any other method that ensures wide distribution of the news such as webcasts and webinars.
- Uploading the information on the website of the Company.

VIII. Third Party Dealings

The Chief Investor Relations Officer shall ensure that best practices of making transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made are developed by the Company.

The best practices shall include uploading the following information on the website of the company:-

- Any Power Point Presentation or similar material used by the analyst in such meeting on the website of the Company.
- Any earnings guidance or any other similar material distributed during press conference.
- Any material information about business plans of the Company provided in response to analyst queries or during discussions in a meeting or any other information which may lead to price discovery has been shared.

IX. Rumours : Verification of Market Rumours and response to queries

The Chief Investor Relations Officer shall provide appropriate and fair responses to queries in relation to UPSI including any news reports. A 'No Comment' policy must be maintained by the Company and the Chief Investor Relations Officer shall not comment on market rumours except when requested by regulatory authorities or verify such rumours.

X. Need to know handling of UPSI

Company shall handle UPSI only on a need to know basis. UPSI shall be provided only when needed for legitimate purposes, performance of duties or discharge of legal obligations. All insiders shall adhere to conditions of strict confidentiality and shall not share any UPSI except for the aforesaid purposes.

XI. Digital Database

The Company shall maintain a structured digital database containing the names of such persons or entities, as the case may be, with whom UPSI is shared along with the Permanent Account Number (PAN) or any other identifier authorized by law , where PAN is not available. Such database shall be maintained with adequate internal controls and checks, such as time stamping, audit trails, etc. to ensure non-tampering of the database. The responsibility of maintaining such database shall be of the Compliance Officer or such other person as may be nominated by the Board of Directors.

XII. Amendments to this Code

Any amendment to this Code shall be done through a resolutions passed at the Board Meeting of the Company.

XIII. Posting of the Code

This Code shall be posted on the website of the Company.

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Appendix II

Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives

Approving Authority	Board of Directors of JSL
Original Issue Date	
Last Revision Date	
Current Revision Date	
Version No	
Context	The Insider Trading Code is formulated pursuant to Regulation 9 (1) read with Schedule B to SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended to regulate, monitor and report trading by its Designated Persons and their immediate relatives) of JSL.
Effective from	April 1, 2019

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CHAPTER- 1 INTRODUCTION

1.1 Scope and Purpose

Insider Trading means trading in Securities of a company by its Directors, Employees and other Insiders while in possession of Unpublished Price Sensitive Information (“UPSI”).

This code shall be known as “**Code of Conduct to Regulate, Monitor and Report Trade by Designated Persons and their Immediate Relatives**” (“**Code**”) of Jindal Saw Limited made pursuant to Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

This Code shall apply to the Designated Persons (as defined hereinafter) and their immediate relatives in connection with their dealings in the Listed Securities of the Company and any dealing by them with UPSI relating to the Company which could potentially impact the market price of Listed Securities of the Company.

Every Designated Person has a duty to safeguard the confidentiality of all UPSI obtained in the course of his or her work or performance of duties in the Company or which comes to his or her knowledge during his or her association with the Company. The Designated Person or any Immediate Relative of such Designated Person(s) shall not derive any benefit or assist others to derive any benefit from the access to, and possession of, any UPSI which is not in public domain and that such possession thus constitutes insider information.

The Objective of this Insider Trading Code is to set out the standards, and regulate and/or monitor compliance, of Insider Trading Regulations by all “Designated Persons” in relation to the Company and their responsibility to preserve and maintain confidentiality of UPSI that may or is expected to affect the price of securities of the Company.

1.2 Definitions

- (a) “**Act**” means the Securities and Exchange Board of India Act, 1992;
- (b) “**Board**” means a Securities and Exchange Board of India.
- (c) “**Compliance Officer**” means Company Secretary of the Company and in his absence any other senior officer, designated so and reporting to the Board of Directors who is financially literate¹ and is capable of appreciating requirements for legal and regulatory compliance under SEBI Insider Trading regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI (Unpublished Price Sensitive Information), monitoring of trades and the implementation of the Insider Trading Code of the Company under the overall supervision of the Board of Directors of the Company.

- (d) ***“Dealing in Securities or Trading”*** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any Securities, and "trade" shall be construed accordingly.
- (e) ***“Director(s)”*** means a Director appointed on the Board of the Company.
- (f) ***“Designated Persons”*** shall include:
1. Directors of the Company;
 2. Promoters of the Company;
 3. Every employee in the finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer;
 4. Employees up to two levels below Chief Executive Officer/Managing Director of the Company and its Material Subsidiaries, if any, irrespective of their functional role in the Company or the Material Subsidiary, as the case may be or their ability to have access to UPSI;
 5. Any support staff of the Company who have access to UPSI as may be determined by the Compliance Officer from time to time;
 6. Consultants/Legal Advisor of the Company or any other entity which may have access to UPSI.
- (g) ***“Immediate Relative(s)”*** includes 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.
- (h) ***“Insider(s)”*** means any person who is:
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
- (i) ***“Key Managerial Personnel”*** means person as defined in Companies Act, 2013 or any person determine by the Board of Directors
- (j) ***“Regulations”*** means SEBI(Prohibition of Insider Trading)Regulations,2015
- (k) ***“Securities”*** means Securities of the Company and shall have the meaning assigned to it under the Securities Contracts (Regulation) Act,1956 or any modification thereof except unit sofa mutual fund;

Words denoting the singular shall include the plural and vice versa and words denoting masculine gender shall include reference to feminine or neuter gender Unless the context requires otherwise, employee shall mean employee of the Company.

Interpretation

The words and expressions used in this Policy but not defined herein shall have the same meaning ascribed to them in the Companies Act, 2013, Rules made thereunder, SEBI Act 1992 or Rules and Regulations made thereunder, Listing Regulations or any other relevant legislation / law applicable to the Company.

The Policy shall always be in accordance with the applicable laws, rules, regulations, guidelines and amendments issued by the relevant authorities from time to time and Policy shall be construed accordingly.

CHAPTER – 2

PRESERVATION OF UPSI & PREVENTION OF MISUSE OF 'PRICE SENSITIVE INFORMATION

2.1 Designated Persons of the Company when in possession of any UPSI, as defined in the Regulations, pertaining to the Company, shall not:

- a) Trade in listed securities of the Company, either on their own behalf or on behalf of any other person, except provided otherwise.
- b) Communicate, counsel, procure or allow access to any unpublished price sensitive information to/from any person, except in furtherance of a legitimate purpose, as explained in Code of Fair Disclosure, or performance of duties.

Designated Persons shall maintain the confidentiality of all unpublished price sensitive information. Designated Persons shall not pass on such information to any person directly or indirectly by way of making a recommendation for the trading in securities.

2.2 Need to Know

- a) “need to know” basis means that UPSI 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 a conflict of interest or appearance of misuse of the information.
- b) All non-public information directly received by any employee should immediately be reported to the head of the department.

2.3 Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc. Physical security procedures viz. locking the workstation or logging out of the systems while leaving the cubicle / workstation/ cabin shall also be ensured.

2.4 Chinese Wall

To prevent the misuse of confidential information the Company shall adopt a appropriate procedures and processes of “Chinese Wall” policy which separates those areas of the Company which routinely have access to confidential information, viz. Finance, Strategy, Secretarial departments regarded as “insider areas” from those areas which deal with sale/marketing/investment advise or other departments providing support services, considered “public areas”.

The employees in the inside area shall not communicate any Unpublished Price Sensitive Information to any one in public area.

As far as practical, the employees in inside area may be physically segregated from employees in public area. Demarcation of the various departments as inside area may be implemented by the Company.

In exceptional circumstances employees from the public areas may be brought “over the wall” and given confidential information on the basis of “need to know” criteria or legitimate purposes, under intimation to the Compliance Officer. Exceptions permitted under the Regulations will also be applicable in the present case.

2.5 Circumstances for bringing people ‘Inside’:

UPSI may be shared by the Company and any such person with whom UPSI has been shared may be brought ‘inside’ on sensitive transactions in the following situations:

- a) Consultancy availed in relation to confidential matters from Consulting Professionals / Firms;
- b) Assistance obtained within the organization from another functional team/ department for Corporate Actions like merger, demerger, restructuring etc., information whereof is not a generally available;
- c) Finance availed from banks, financial institutions for any specific end-use, information whereof is not generally available;
- d) During the course of conduct of any due diligence under any provision of law for a potential transaction(s);
- e) Any other situations arising in the ordinary course of business, which shall be documented by the Compliance Officer based on the inputs received from the Group CEO & WTD/ Managing Director and other Designated Persons handling UPSI from time to time.



2.6 Procedure for bringing people 'Inside':

- a) An employee of the Company can be brought 'inside' only if he/she is conversant with their obligation to preserve confidentiality and after obtaining approval of the Managing Director/ Group CEO & WTD or such other Designated Persons handling the said UPSI. The need for the person to know the UPSI shall also be stated while seeking approval;
- b) Details of such approval obtained by the employee shall be promptly informed to the Compliance Officer along with reason for sharing of UPSI, Name, address, email address and Permanent Account Number (or any other identifier authorized by law where Permanent Account Number is not available) of such person, for updating in the digital database;
- c) A person other than an employee of the Company can be brought 'inside' only after sending an appropriate notice (either in writing or by email) from or on behalf of the Company to such person / firm detailing his / its obligations under this Code upon receipt of UPSI and after ensuring that the organization represented by such person has appropriate code in place covering the compliance to be ensured by the fiduciary/ intermediary under the Regulations.
- d) Advisable that confidentiality agreement is/are executed, prior to sharing of UPSI for non-disclosure obligations, with the person other than employee(s) of the Company and in case such agreements are not entered, appropriate notice is sent to such person before sharing of UPSI.
- e) The Compliance Officer may require the person brought 'inside' to make disclosure of holdings and trading in securities of the Company in order to monitor compliance with the Regulations.

CHAPTER 3

TRADING BY DESIGNATED PERSONS

3.1 All Designated Persons of the Company and their Immediate Relatives shall be subject to trading restrictions as enumerated below.

3.2 Trading Window

3.2.1 The Company shall specify a trading period, to be called “Trading Window”, for trading in the Company’s Securities. The Trading Window shall be closed during the time the information referred to in para3.2.3 is unpublished.

3.2.2 Designated Persons and their Immediate Relatives shall not trade in securities of the Company during closure of the Trading Window, i.e. the period during which trading in the listed securities of the Company is prohibited.

3.2.3 Trading Window shall be closed from the end of every quarter till 48 hours after the declaration of financial results. Further, the trading window shall be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of unpublished price sensitive information from the first available date at which any UPSI, including the following, take place or is/are proposed to take place:—

a) Approval of any quarterly, half yearly or annual financial results;

b) Declaration of dividends;

c) change in capital structure by way of public/rights/preferential issue;

d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;

e) changes in Key Managerial Personnel.

3.2.4 The Trading Window in such cases shall open 48 hours after the information in respect of the above events is/are made generally available.

3.2.5 In case of ESOPs, exercise of option may be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when Trading Window is closed.

3.3 Trading Plan

3.3.1 Trading Plan is a plan pursuant to which an Insider can trade in listed Securities even when the Trading Window is closed. It gives an option to Insiders who may be perpetually in possession of UPSI to trade in listed Securities in a compliant manner.

3.3.2 Every Insider shall be titled to formulate a Trading Plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

3.3.3 While presenting the Trading Plan, following points shall be kept in mind:

- a) There must be a gap of 6 months between the public disclosure of plan and commencement of trading.

In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the Insider was to be in possession of the same UPSI both at the time off or mulation of the plan and implementation of the same.

- b) In any case, trading will not be permitted between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results.
- c) Trading plan shall entail trading for a period of not less than twelve months.
- d) Trading plan shall not entail overlap of any period for which another trading plan is already inexistence.
- e) Trading plan shall set out either the value of trades to be effected or the number of Securities to be traded along with the nature of the trade and the interval sat, or dates on which such trades shall be effected.
- f) Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse.

3.3.4 While granting the approval, the Compliance Officer shall be titled to seek such express undertakings as he may think necessary to assess and approve the plan.

- 3.3.5** The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the Trading Plan.

Provided that the implementation of the trading plan shall not be commenced if any Unpublished price sensitive information in possession of the Insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation.

- 3.3.6** Once the Trading Plan is approved, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities are listed.
- 3.3.7** Preclearance of trades shall not be required for a trade executed as per the approved Trading Plan.
- 3.3.8** Trading Window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved Trading Plan.

3.4 Pre-clearance of Trades

- 3.4.1** All Designated Persons and their Immediate Relatives who intend to deal in the listed Securities of the Company shall pre-clear the intended transactions in the listed Securities of the Company as per the pre- dealing procedure described hereunder.
- 3.4.2** Designated Persons shall require pre clearance from the Compliance Officer in respect of trading in securities of the Company. Such trading in securities by the Compliance Officer shall require pre-clearance from the the Group CEO & WTD /Managing Director. Trades by the Group CEO & WTD/Managing Director will require pre-clearance from Chairman of Audit Committee.
- 3.4.3** An application in "**FORM I**", as prescribed in Chapter 8, shall be made to Compliance Officer, after obtaining the approval of departmental head, if any, indicating the estimated number of Securities that Designated Person and their immediate relatives intends to deal in and details of depository with which he has a depository account and such other details as may be required by any rule made by the Company in this behalf.
- 3.4.4** An undertaking in "**Annexure IA**" shall be executed in favour of the Company by such Designated Person and their immediate relatives.

- 3.4.5** Trades, for which pre clearance has been obtained, shall be executed within seven trading days after the approval of pre clearance is given, failing which a fresh pre-clearance shall be required.
- 3.4.6** Persons covered under the pre-clearance requirement shall file the details of the transactions in the format prescribed under **FORM I** for the time being or such other format as may be prescribed by SEBI with the Compliance Officer within two trading days of the exercise of the trade. Even in cases where the transaction has not been undertaken, the same should be reported in the above format.
- 3.4.7** Designated Person in possession of Unpublished Price Sensitive Information shall not apply for any pre-clearance even if the Trading Window is not closed.
- 3.4.8** The Compliance officer shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- 3.4.9** Where any pre-clearance has been approved, the Director /Key Managerial Personnel/ Designated Employee and their Immediate Relatives shall execute the order within 7 trading days of the clearance of the transaction, and where any transaction has been approved with any additional restrictions, the same shall be executed within the above time in accordance with the additional restrictions specified. If the order is not executed within 7 trading days after the approval is given, the Director/Key Managerial Personnel/ Designated Employee must pre-clear the transaction again.
- 3.4.10** The Compliance Officer shall have a right to revoke any clearance granted to any transaction or add further additional restrictions to any clearance, before the relevant transaction has been executed.
- 3.4.11** In case any pre-clearance has been refused, the Director /Key Managerial Personnel/Designated Employee and their Immediate Relatives shall be free to re- apply for pre-clearance of the transaction, which was refused, to the next higher authority i.e to Managing Director/Group CEO & Whole-Time Director, if Compliance Officer has refused the transaction.

3.5 Contra Trade Restrictions

- 3.5.1** Designated Persons who buy or sell any number of listed Securities of the Company shall not enter into a contra trade or opposite transaction i.e. sell or buy any number of listed Securities during the next six months following the prior transaction.

However, buying of shares pursuant to exercising of stock options and then selling of those shares within a period of six months shall not be deemed to a contra trade provided such trade does not violate the Code and the Regulations.



3.5.2 No Designated Person and their Immediate Relatives shall take positions in derivative transactions in the Securities of the Company at any time.

3.5.3 In case the sale of Securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer on recommendation of head of department, if any, after recording in writing his/her reasons in this regard provided such relaxation does not violate the Regulations.

However, if a contra trade is executed, in advertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.

CHAPTER 4

ROLE OF COMPLIANCE OFFICER

The Compliance Officer 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 this Code under the overall supervision of the Board of the Company.

The functions and responsibilities of the Compliance Officer shall be as under:

- a) Maintaining and reviewing and updating from time to time, the record of Designated Persons and immediate relatives thereof.
- b) Monitoring adherence to the Regulations and the Insider Trading Code;
- c) Grant of pre-trading clearance to the Designated Persons and their immediate relatives for dealings in the Company's Securities and monitoring of such trade;
- d) Approving the Trading Plan as may be formulated by any Insider in terms of the Regulations;
- e) Determination of period of Trading Window closure and Intimation of closure of Trading Window to the Designated Persons;
- f) Implementation of this Code of Conduct under the general supervision of the Board;
- g) Placing periodic reports before the Audit Committee, detailing any trading in the Securities by the Designated Persons and their immediate relatives along with the documents that such persons had executed in accordance with the pre-clearance procedure prescribed under the Code of Conduct at regular intervals but not less than once in a year;
- h) Assisting all the Employees in addressing any clarifications regarding the Regulations and this Insider Trading Code;
- i) Maintaining a record of instances where the requirement of holding the Securities during the holding period is waived for emergency reasons;
- j) Sensitizing the employees of the manner and circumstances in which people may be brought "inside" on sensitive transactions, duties and responsibilities attached to the receipt of inside information, and the liability that attaches to misuse or unwarranted use of such information



- k) Maintaining and preserved a structured digital database for a period of not less than eight years after completion of the relevant transactions or till the completion of any investigation or enforcement proceedings containing the names of such persons or entities as the case may be with whom information is shared under this Regulation for legitimate purpose, along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available and giving of due notice to such insiders to maintain confidentiality of such unpublished price sensitive information in compliance with the Regulations. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

- l) Monitoring trading activity, especially around important events such as earnings announcements, acquisitions and other events material to a Company's value that are in the nature of UPSI, for the persons referred above;

- m) In case the Compliance Officer is not available either on account of his being on leave or on his being away from the registered office and/or corporate office of the Company for a period of 7 (seven) days or more, he shall delegate his authority to any executive, who is financially literate²²and is capable of appreciating requirements for legal and regulatory compliance and eligible under these Regulations, who shall act as Compliance Officer and be responsible for all duties and responsibilities of Compliance Officer, during the period of his absence.

²²“financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e., balance sheet, profit and loss account, and statement of cash flows.



CHAPTER 5

REPORTING REQUIREMENTS

All the Designated Persons shall be required to submit the following details to the Compliance Officer:

5.1 Personal Information:

Permanent Account Number or any other identifier authorized by law of the following persons to the Company on an annual basis and as and when the information changes:

- (a) immediate relatives;
- (b) persons with whom such designated person(s) shares a material financial relationship³;
- (c) Phone, mobile and cell numbers which are used by them;
- (d) names of educational institutions from which designated persons have graduated (*to be granted on one-time basis*);
- (e) Names of their past employers (*to be granted on one-time basis*)

5.2 Initial Disclosure

Any person on appointment as a Director, Key Managerial Personnel or upon becoming a Promoter or member of Promoter Group shall disclose all his/ their holdings of listed Securities of the Company as on the date of appointment or becoming a promoter, within 7 (seven) days of becoming a Designated Person/ member of Promoter Group. The disclosure shall be given in the format prescribed by SEBI (Form B provided in Chapter 7).

5.3 Continual Disclosure

- 5.3.1 Every Designated Person or their Immediate Relatives or Promoter or member of Promoter Group acquiring or trading in listed Securities of the Company shall disclose such acquisition and every subsequent Trade to the Compliance Officer within 2 (two) trading days of such transaction or receipt of intimation of allotment of securities, if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rupees 10,00,000 (ten lakh), in the format prescribed by SEBI (Form C provided in Chapter 7);

³“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



Explanation1: The disclosures of trading in Securities shall also include trading in derivatives of Securities and the traded value of the derivatives shall be taken into account.

Explanation 2: It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this rule, shall be made when the transactions effected after the prior disclosure cross the threshold specified.

- 5.3.2 The Compliance Officer shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of disclosure or from becoming aware of such information.
- 5.4 The Compliance Officer shall maintain a record of all the declarations given by all Promoters, Directors, Key Managerial Personnel, Designated Persons, Insiders for a minimum period of five years.
- 5.5 The Compliance Officer shall place before the Audit Committee or A committee notified by the Company, on a quarterly basis all the details of the dealing in the Securities of the Company by the Directors, Designated Persons and Connected Persons received him and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this Code, wherever applicable.

CHAPTER 6

PENALTY FOR CONTRAVENTION OF THE CODE

- 6.1** All Designated Persons shall be individually responsible for complying with the provisions of this Insider Trading Code including to the extent the provisions hereof are applicable to his/her Immediate Relatives. Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code shall be subject to disciplinary action by the Company and liable to be penalized. Appropriate disciplinary action which may be taken by the Company may include wage-freeze, suspension from employment, ineligibility for future participation in employee stock option plans, recovery, clawback etc., as may be decided by the Board. Actions, if any by the Company for such violations shall not preclude SEBI or Stock Exchange(s) from taking any action under the Regulations or the SEBI Act 1992. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- 6.2** Under Section 15G of the Securities and Exchange Board of India Act, 1992 (“the SEBI Act”) any Insider who indulges in insider trading in contravention of the Regulations is liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher. Under Section 24 of the SEBI Act, anyone who contravenes or abets the contraventions of the provisions of the Act or of any Rules or Regulations made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or both. If any person fails to pay the penalty imposed he shall be punishable with imprisonment for a term which shall not be less than one month, but which may extend to ten years or with fine, which may extend to twenty-five crore rupees or with both.
- 6.3** In case it is observed by the Compliance Officer that there has been a violation of the SEBI Regulations by the Designated Person including that of his/her Immediate Relatives, the Compliance Officer shall forthwith promptly inform to the Stock Exchange(s) about such violation. Any breach suspected by any Designated Person, employees or persons other than the Designated Persons/ employees of the Company shall be promptly brought to the notice of Compliance Officer in the manner provided in Whistle Blower and Vigil Mechanism Policy of the Company and in case of an instance of leakage of UPSI, an inquiry to be initiated in the manner provided in Chapter 7.
- 6.4** The Designated Person against whom information has been furnished by the Company/Compliance Officer to Stock Exchange(s) for violations of the Regulations/Code, shall provide all information and render necessary co-operation as may be required by the Company/Compliance Officer or SEBI or Stock Exchange(s) in this connection.



CHAPTER 7

PROCESS FOR INVESTIGATION IN CASE OF LEAK/ SUSPECTED LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION

1. Scope

Regulation 9A(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”) mandates every listed company to formulate written policies and procedures for inquiry in case of leak/suspected leak of UPSI and accordingly initiate inquiries on becoming aware of leak/suspected leak of UPSI. Further, any instance of such leak, inquiries and result of such inquiries is required to be promptly reported to SEBI.

2. Objective

- a) To identify the sources of leakage of UPSI;
- b) To lay down the process to investigate the instances of such leaks/suspected leaks;
- c) To plug the loopholes in the internal control system in order to prevent the leak of UPSI in future;
- d) To educate the employees regarding the reporting of leak/suspected leak of UPSI
- e) To take action against the person responsible for leak of UPSI.

3. Role of Inquiry Committee

3.1 The Inquiry Committee comprising of following members shall investigate any instances of leak or suspected leak of UPSI:

1. Managing Director and/or Executive Director and/or Chief Executive Officer Chairman
2. Chief Financial Officer – Member
3. Company Secretary – Member

The quorum of the Committee shall be minimum of two members. In case, a minimum of two members of the Inquiry Committee are not present or not available, or any member of the Inquiry Committee is under investigation, then the Chairman of the Audit Committee shall head the Inquiry Committee as Chairman. The Audit Committee shall have the power to reconstitute the Inquiry Committee.

3.2 The matter will be taken up by the Inquiry Committee on occurrence of any of the following instance:

- a) Pursuant to any complaint received from any whistle blower;



- b) Pursuant to coming across of any UPSI from an outside source (eg. Social media) or from a person who was not required to be brought inside as per the Insider Trading Code;
- c) Pursuant to any instance of sabotage of systems storing details of UPSI or phishing e-mail attack, planted or unauthorized USB drive in the systems storing UPSI;
- d) Pursuant to any instance of theft/ unauthorised destruction of important physical records or portable equipment's;
- e) Any other source.

3.3 The Inquiry Committee shall be responsible for the following:

3.3.1 Identification of manner of leak of UPSI:

- Due to accidental disclosure of UPSI;
- Due to wilful breach of the regulations by an Insider resulting in communication of UPSI;
- Due to hacking of systems storing UPSI;
- Due to sabotage of particular system storing UPSI;
- Any other reason.

3.3.2 Conducting inquiry in the following manner:

- a) The Inquiry Committee shall issue appropriate directions for collating the following information in relation to the person responsible for leak of UPSI:
 - Nature of UPSI shared and whether the same were shared in accordance with the Insider Trading Code;
 - Manner in which the UPSI was handled right from receipt till commencement of inquiry;
 - Rights granted to the person being inquired in terms of handling of UPSI;
 - Access to rooms, systems storing UPSI;
 - Access to UPSI pursuant to role and function in the Company;
 - Track record of the person being inquired in complying with the Insider Trading Code of the Company and details of any instances of breaches in the past.
 - Relevant details from the HR or IT or departments in connection with such person or event as may be required by the Committee.
- b) The Inquiry Committee may hire/ seek assistance of an external agency or consultant in the inquiry process.
- c) The Inquiry Committee may ask the person being inquired to be present before the Committee to represent his case and reply to the queries of the Committee;

3.3.3 Reporting the findings of the Inquiry to the Audit Committee.

- a) The Inquiry Committee shall peruse the information and reports collated in connection with the inquiry and submit its findings to the Audit Committee along with recommendations on likely action that can be taken against such person.
- b) The Inquiry Committee shall also submit detail of anomalies identified, manner of detection, and manner of leak of UPSI and how the loopholes, if any, may be plugged.

4. Powers of Inquiry Committee

- a) To direct attendance of any person in the course of inquiry;
- b) To direct production of documents or records as may be necessary in the course of inquiry.
- c) To conclude the findings ex-parte, in case any person fails to appear before the Committee, without sufficient cause.

5. Powers of Audit Committee

- a) After reviewing the findings submitted by the Inquiry Committee, if there exists evidence beyond doubt that the person being inquired has leaked UPSI, the Audit Committee shall proceed to take disciplinary action in the manner specified in Chapter 6 of the Code.

6. Role of Compliance Officer

- a) The Compliance Officer shall promptly intimate SEBI about the findings of the Inquiry Committee and action taken by the Audit Committee, if found guilty. .
- b) The Compliance Officer /Compliance team to sensitize the employees/designated persons about do's and don'ts under the Code; the process and details required to be shared in connection with leak or suspected leak of UPSI; and inquiry/disciplinary action process, if found guilty.



CHAPTER 8

FORMS

Form I

Date:

To
The Compliance Officer
Jindal Saw Limited

From: Name: Designation: Department:

Through: Head of Department (if any)

With reference to the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives of the Company, I, the undersigned, seek your approval to buy/sell as a principal/agent in Equity Shares of the Company, aggregating in value Rs.(approx.)

STATEMENT OF HOLDINGS AT THE TIME OF PRE-CLEARENCE

I. DETAILS OF SHAREHOLDING OF DIRECTOR/ KEY MANAGERIAL PERSONNEL/ DESIGNATED EMPLOYEES HELD IN THEIR OWN NAME

Name	Designation	Department	No. of Shares Held (with Folio No/DP ID/Client ID)	Nature of Transaction for which Approval is sought [Purchase/Sell/Others (Pls. Specify)]	No. of Shares to be dealt	Aggregate value of the Transaction(Rs.) (approx.)



II.DETAILSOFSHAREHELD BYIMMEDIATE RELATIVES

Name	Relationship	No. of Shares Held (with Folio/DP ID/Client ID)	Nature of Transaction for which Approval is sought [Purchase/Sell /Others(Pls. Specify)]	No. of Shares to be dealt	Aggregate value of the Transaction Aggregate value of the Transaction(R s.) (approx.)

Please tick the appropriate case:

I/We hereby declare that I have not purchased any share in last 6 months (If approval is sought for selling of shares)	
I/We hereby declare that I have not sold any share in last 6 months (If approval is sought for purchase of shares)	
The Shares to be dealt in are allotted under ESOP Scheme of the company and are not subject to lock in period of 6month.	

Signature

Name of Director/Key Managerial Personnel/Designated Employee

**Name of Department Head
Signature**

****In case the sale of securities is necessitated by personal emergency, Director/ Key Managerial Personnel/Designated Employees shall specify the reasons.**

Reasons

Enclosure: Undertaking

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE
APPLICATION FOR PRE-CLEARANCE**

UNDERTAKING

To
The Compliance Officer,
Jindal Saw Limited
Delhi

I _____ of the Company residing at _____ am desirous of dealing in _____ * shares of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information (as defined in the Company's Code of Conduct Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives (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 transactions 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 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 four days of execution of the transactions/ a 'Nil' report if the transaction is not undertaken.

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

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

Date :

Signature : _____

*indicate number of shares



FORMAT FOR PRE-CLEARANCE ORDER

To,

Name : _____

Designation : _____

Place : _____

This is to inform you that your request for dealing in _____ (nos.) shares of the Company as mentioned in your application dated _____ is approved. Please note that the said transaction must be completed on or before _____ (date) that is within 7 trading days from today.

In case you do not execute the approved transactions / deal on or before the aforesaid date you would have to seek fresh pre-clearance 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 format within 2 days from the date of transactions/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,
For JINDAL SAW LIMITED

COMPLIANCE OFFICER

Date : _____

FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7(1)(b) read with Regulation 6(2)]

Name of the company: _____

ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company 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.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding	Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP		Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP	
			Type of security (For eg. -Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contract size)*lot size	Notional value in Rupee terms	Number of units (contract terms)	Notional value in Rupee terms
1	2	3	4	5	5	6	7	7	

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:

FORM C

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

Name of the company: _____

ISIN of the company: _____

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

Name, PAN No., CIN/DIN, & address with contact nos.	Category of Person (Promoters/ KMP / Directors/ Immediate relative to/ others etc.)	Securities held prior to acquisition / disposal		Securities Acquired /Disposed			Securities Held post acquisition/disposal		Date of allotment advice/ acquisition of shares/sale of shares specify	Date of intimation to company	Mode of Acquisition/ disposal (on market/ public rights/ preferential offer/ off market/ Inter-se Transfer, ESOP etc.		
		Type of security (For eg. - Shares, Warrants, Convertible Debentures etc.)	No. and % of Share Holding	Type of security (For eg. - Shares, Warrants, Convertible Debentures)	No.	Value (in INR)	Transaction Type (Buy/ Sale/ Pledge/ Revoke/ Invoke)	Type of security (For eg.- Shares, Warrants, Convertible Debentures etc.)				No and % of Share- holding	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of Contract	Contract Specifications	Buy		Sell		
		Notional Value	Number of units(contract*lot size)	Notional Value	Number of units(contract*lot size)	
15	16	17	18	19	20	21

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:

INSIDER **TRADING**

A RECAPITULATION

WHO IS AN INSIDER?

Insider

Connected Person + Any other person in possession of UPSI

Connected Person

Person who is or has been associated with the Company 6 Months prior to the concerned act, directly or indirectly in any capacity, which allows such person access to UPSI or reasonably expected to allow access to UPSI

Designated Person

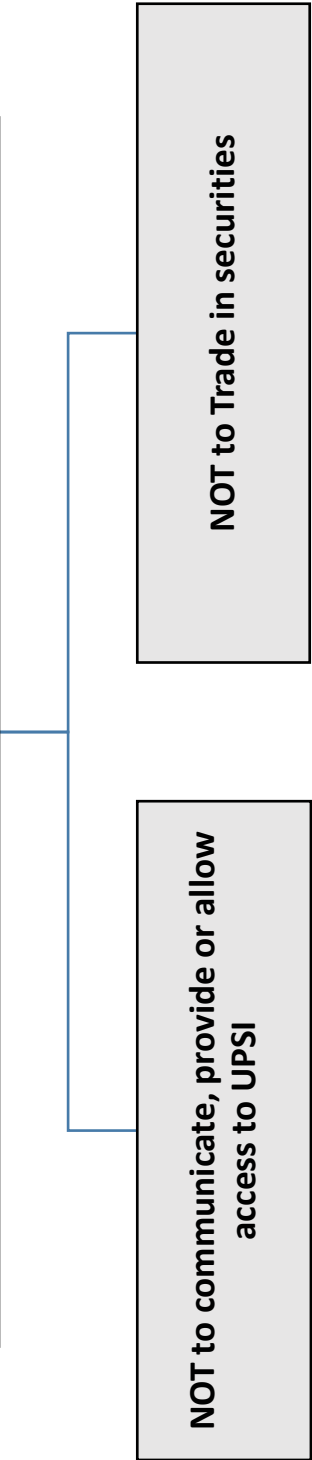
Employees and Connected Persons identified by the Company basis their functional role

TRADING AND UPSI

Trading	<ul style="list-style-type: none">• Broadly defined to “means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, and deal in any securities.”• The term “dealing” includes activities such as pledging of shares.
Unpublished Price Sensitive Information	<ul style="list-style-type: none">• Any information, relating to the Company or its Securities, directly or indirectly, that is not generally available, which upon becoming generally available, is likely to materially affect the price of the securities.• Illustrative instances of UPSI-financial results, dividends, change in capital structure; mergers, de-mergers, acquisitions, delisting, disposals and expansion of business.• “Generally Available Information” is information that is accessible to public on a non-discriminatory basis.• Thumb rule-Every event that is required to be disclosed on Stock Exchange will qualify as UPSI.

OBLIGATIONS OF AN INSIDER

OBLIGATIONS OF AN INSIDER WHEN IN POSSESSION OF UPSI



Exception:	Exception:
<ul style="list-style-type: none">• Furtherance of legitimate purposes, for performance of duties or discharge of legal obligations.• Due diligence, subject to conditions of confidentiality, where the Board is of the informed opinion that the proposed transaction is in the best interest of the Company, (i) if the transaction will lead to an open offer; or (ii) the information being made publicly available two days prior to the proposed transaction.	<ul style="list-style-type: none">• Trade in furtherance of a duly approved trading plan.• Off-market transfer between Promoters, in possession of the same UPSI;• For non-individual insiders-where the individuals in possession of UPSI are different from the individuals taking trading decisions, and the latter are not in possession of UPSI.

RESTRICTIONS ON CONTRA-TRADE

A Designated Person, who buys or sells any number of Securities is restricted from entering into an opposite transaction (“Contra-Trade”) during the 6 month period immediately following the prior transaction.

Exception:

Securities bought or sold pursuant to Buyback offers, open offers, rights issues, follow on public offer, bonus issue, etc. shall not be considered for the purpose of determining whether a Contra Trade has been undertaken.

Trades pursuant to a duly approved trading plan.

Shares acquired by way of ESOPs, when sold/pledged will not be considered as Contra-Trade with respect to any other trade by the same employee.

In case of unexpected circumstances, the Compliance Officer may permit the Designated Person to undertake a Contra Trade after recording the reasons in writing, provided that such relaxation is not in violation of the Regulations.

ONUS OF PROOF AND PENALTIES

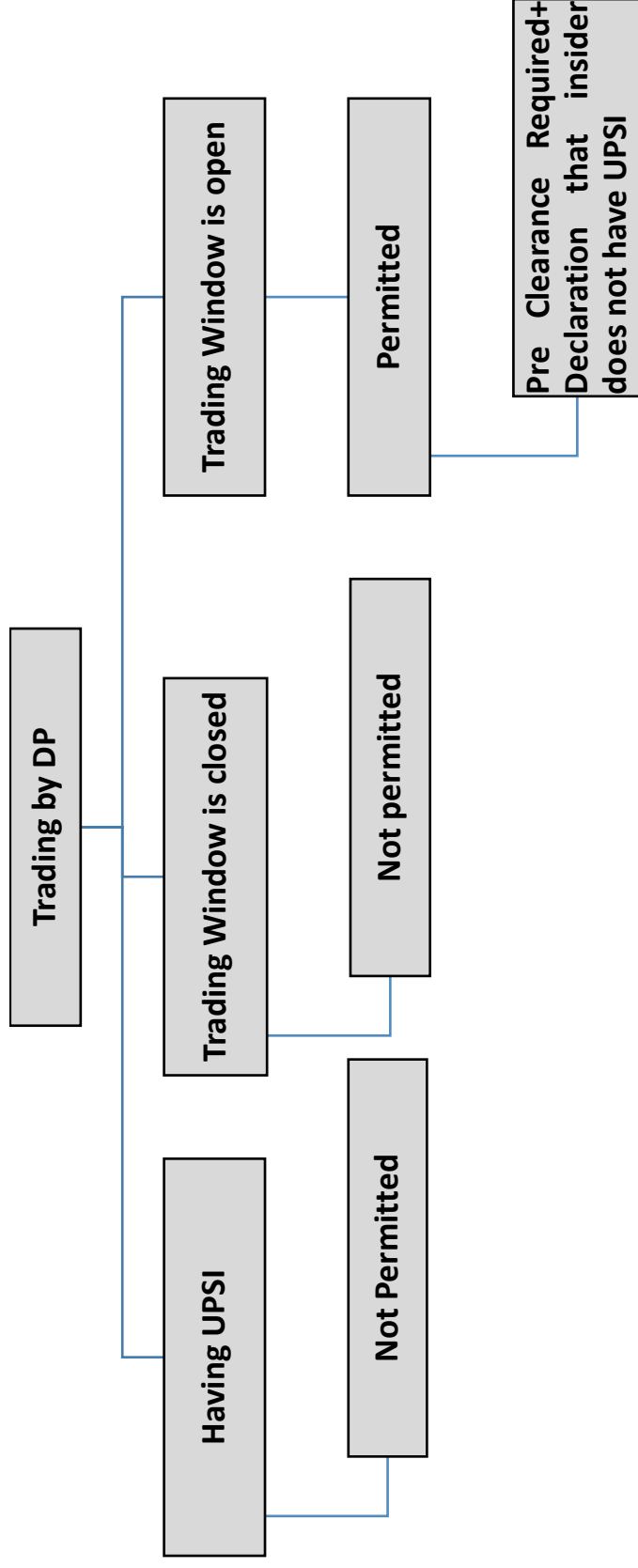
Where Connected Person is charged with an offence of Insider Trading-onus of establishing, that he/she was not in possession of UPSI at the time of the trade is on such connected persons.

In case of an Insider other than a Connected Person, the burden of proving that he/she was in possession of UPSI when he/she undertook the trade, would be on SEBI.

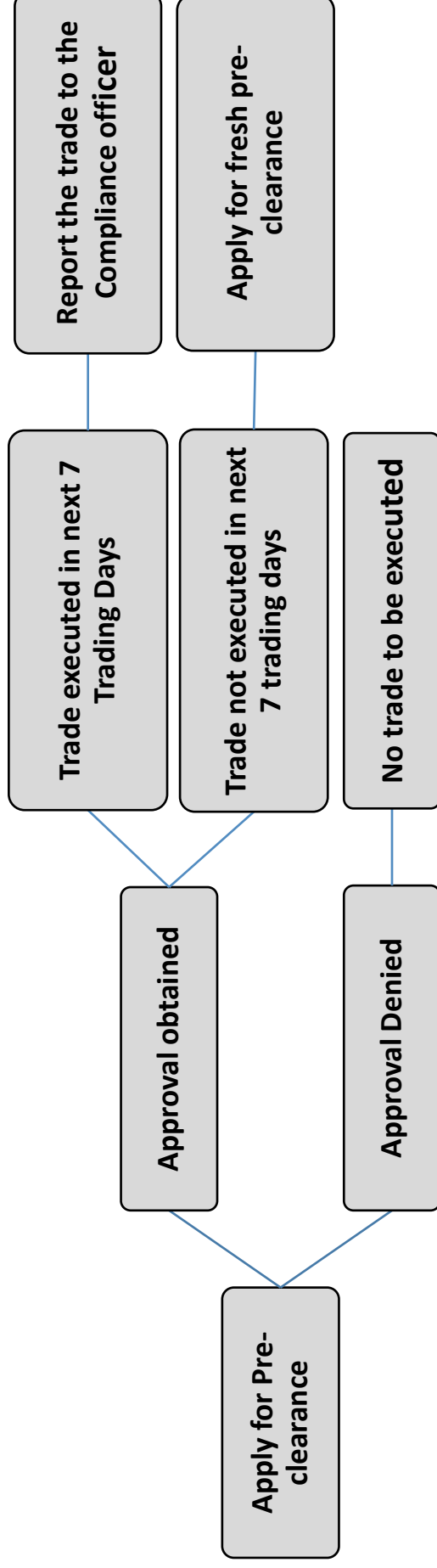
Penalties:

By the Company:	<ul style="list-style-type: none">• Disciplinary action, consequences of which may include wage freeze, suspension or termination of employment & penalty.
By SEBI: <ul style="list-style-type: none">• For Insider trading, either by the insider for himself or on behalf of another person.• For contravention or attempt to contravene or abetment to contravene the provisions of the SEBI Act	<ul style="list-style-type: none">• Penalty between INR 10 Lakhs to INR 25 Crores or 3 times the amount of profits made out of the insider trading, whichever is higher.• Imprisonment, which may extend to a period often (10) years; or fine up to INR 25 Crores or Both.

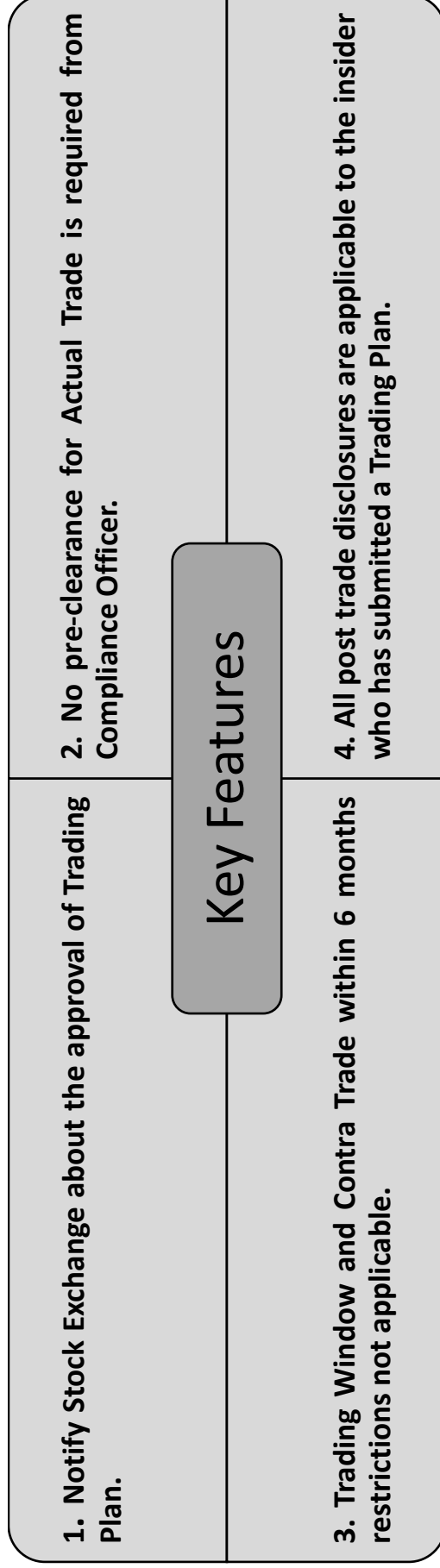
WHEN AN DESIGNATED PERSON INTENDS TO TRADE



PRE-CLEARANCE AND RELATED COMPLIANCE



TRADING PLAN



DO'S AND DON'TS

Do's

- Remember it is a crime to trade in securities based on UPSI;
- Keep all UPSI confidential;
- Ascertain whether you are a "Designated Person" or "Connected Person";
- Read the Code formulated by the Company;
- Before Trading, check if trading window is open;
- Obtain pre-clearance for trades;
- Disclose any trades which are of an aggregate value of greater than INR 10 lakhs in a quarter.

Don'ts

- Discuss UPSI in public places;
- Act on someone else's " recommendation" that may be based on UPSI;
- Recommend to anyone a trade when in possession of UPSI;
- Trade in Securities if the Compliance Officer disapproves the trade;
- Undertake Contra-Trade for a period of 6 months from the previous trade.

सुभाषितम्

अपि मेरूसमं प्राज्ञमपि शुरमपि स्थिरम्।
तृणीकरोति तृष्णैका निमेषेण नरोत्तमम्।

(Even if a man has steady, brave mind like Meru Parvat (Mountain), Greed can damage him like grass in a matter of moment)

लोभमूलानि पापानि संकटानि तथैव च।
लोभात्प्रवर्तते वैरं अतिलोभात्विनश्यति।

(Greed is a root cause of all sins and troubles. Greed gives rise to enmity and excess Greed leads to disaster)

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