



SHARDA MOTOR INDUSTRIES LIMITED

Regd. Off: D-188, Okhla Industrial Area

Phase-I, New Delhi-110020

CIN: L74899DL1986PLC023202

SMIL Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring and Reporting of trading by Insiders

*[In terms of Regulation 8(1) and 9(1) of Securities and Exchange Board of India (Prohibition of
Insider Trading) Regulations, 2015]*

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Insider Trading) Regulations, 2015]*

Background

The SEBI (Prohibition of Insider Trading) Regulations, 2015, has been notified and published in the official gazette on January 15, 2015 (hereinafter referred to as the '**SEBI (PIT) Regulations**').

In terms of Regulation 8(1) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to the said regulations, without diluting the provisions of the regulations in any manner.

Further, in terms of Regulation 9(1) of the said regulations, every Company, whose securities are listed on a stock exchange, shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with the regulations, adopting the minimum standards set out in Schedule B to the said regulations, without diluting the provisions of the regulations in any manner.

A. CODE OF CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS

1. DEFINITIONS

- 1.1. **“Act”** means the Securities and Exchange Board of India Act, 1992;
- 1.2. **“Board”** means the Board of Directors of the Company;
- 1.3. **“Code”** means Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, as amended from time to time;
- 1.4. **“Company”** means Sharda Motor Industries Limited (“SMIL”);
- 1.5. **“Compliance Officer”** means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price

sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.

Explanation - “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

1.6. **“Connected Persons”** means:

- a) any person who is or has been during the six months prior to the concerned act, associated with a company, in any capacity, directly or indirectly, 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 whether temporary or permanent, with the company, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
- b) 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:
- c) relative of connected persons specified in clause (i)
- d) holding company or associate company or subsidiary company; or
- e) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
- f) an investment company, trustee company, asset management company or an employee or director thereof; or
- g) an official of a stock exchange or of clearing house or corporation; or
- h) 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
- i) 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
- j) an official or an employee of a self-regulatory organization recognized or authorized by Securities and Exchange Board of India (“SEBI”); or a banker of the Company; or
- k) a banker of the company; or

- l) a concern, firm, trust, Hindu Undivided Family, company or association of persons wherein a director of the Company or his relative or banker of the Company, has more than ten per cent, of the holding or interest; or
- m) a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or
- n) a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d);]

1.7. **“Designated Person(s)”** shall include:

- a) All Directors, Executive and Non – Executive and Key Managerial Personnel (KMPs); Designated Employees of the Company, categorised as “Designated Persons” on the basis of their functional role and access to UPSI. (pls see 1.8 below);
- b) Employees of Material Subsidiaries of the Company, if any, designated on the basis of their functional role and access to UPSI;
- c) All promoters of Company and promoters who are individuals;
- d) Whole Time Director/ Chief Executive Officer (CEO), if any and employees upto two levels below CEO of the Company, and its material subsidiaries (if any) irrespective of their functional role in the Company or ability to have access to UPSI;
- e) Any support staff of Company, such as IT staff, accounts or secretarial staff who has access to UPSI.

1.8. **“Designated Employee”** “Designated Persons” on the basis of their functional role and access to UPSI means

- a) All General Managers and above
- b) All Functional Heads
- c) All employees working in Secretarial, Finance & Accounts Department in HO (Corporate office)
- d) Any other executive which in opinion of Compliance Officer be covered under the designated employees

1.9. **“Generally available Information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media;

- 1.10. **"Immediate Relative"** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;
- 1.11. **"Insider"** means any person who is:
- Designated person(s) & their immediate relatives
 - Connected Person; or
 - in possession of or having access to unpublished price sensitive information;
- 1.12. **"Key Managerial Personnel"** means person as defined in Section 2(51) of the Companies Act, 2013;
- 1.13. **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 1.14. **"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 1.15. **"relative" shall mean the following:**
- (i) spouse of the person;
 - (ii) parent of the person and parent of its spouse;
 - (iii) sibling of the person and sibling of its spouse;
 - (iv) child of the person and child of its spouse;
 - (v) spouse of the person listed at sub-clause (iii); and
 - (vi) spouse of the person listed at sub-clause (iv)
- 1.16. **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- 1.17. **"Takeover Regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

1.18. **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities of the Company, and "trade" shall be construed accordingly;

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

1.20. **“Unpublished Price Sensitive Information”** {UPSI} means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

- a) financial results;
- b) dividends;
- c) change in capital structure;
- d) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions, award or termination of order/contracts not in the normal course of business and such other transactions.
- e) changes in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
- f) fund raising proposed to be undertaken
- g) agreements, by whatever name called, which may impact the management or control of the company; fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
- h) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- i) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;

- j) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- k) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
- l) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- m) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- n) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals;
- o) The above is only an illustrative list and there might be other instances in relation to which certain unpublished information, upon becoming public, might materially affect the price of securities of the Company.

1.21. **“Regulations”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto;

Words and expressions used and not defined in the regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

1.22. **Determination of legitimate purposes: -**

“Legitimate Purposes” shall mean sharing of UPSI in the ordinary course of business by an Insider with the Promoters, Auditors (Statutory, Internal, Branch, Cost, Secretarial, GST and any other Auditor as applicable), Staff Members of the Audit firm/team conducting the Audit, Collaborators, Lenders, Customers, Suppliers, Bankers, Legal Advisors, Insolvency Professionals, Consultants, Any other advisors/consultants/ partners, Any other person with whom UPSI is shared.

Any person in receipt of UPSI pursuant to a legitimate purpose shall be considered an “insider” for purposes of the SEBI PIT Regulations and due notice shall be given to such person to

maintain confidentiality of such UPSI in compliance with the said Regulations. Such person is also required to ensure the confidentiality of unpublished price sensitive information shared with him /her, in compliance with the Regulations.

Maintenance of database: A structured digital database shall be maintained containing the names of such persons or entities as the case may be with whom information is shared for legitimate purposes along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Documents containing confidential information shall be kept secured. Computer files must have adequate security login and password, etc.

2. COMPLIANCE OFFICER

The Board of Directors has appointed Assistant Company Secretary as a Compliance Officer of the Company and in his/her absence Chief Financial Officer of the Company, who shall, for the purpose of ensuring compliance under the Regulations, report to the Managing Director and Board of Directors and will be responsible for the Compliance of the Code.

Duties of Compliance Officer:

- 2.1. The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for preservation of Unpublished Price-sensitive Information, pre clearing of trades by Designated Persons and their immediate relatives, monitoring of trades and the implementation of this Code under the overall supervision of the Board of Directors of the Company.
- 2.2. The Compliance Officer shall maintain a record of the Designated Person(s) and their immediate relatives and any changes made in the list of Designated Person(s).
- 2.3. The Compliance officer shall maintain records of all the declarations in the appropriate form given by the Designated Persons for a minimum period of five years.
- 2.4. The Compliance Officer shall assist Designated Person(s) and/or all Employees in addressing any clarifications regarding the Regulations and the Code.
- 2.5. The Compliance Officer shall place report on insider trading to the Board of Directors for the purpose of the Code and in particular, shall provide reports to the Chairperson of the Audit Committee and to the Chairperson of the Board, at least once in a year.

3. PRESERVATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION {UPSI}

3.1. Confidentiality (Need to Know)

Designated Person(s) and Insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information (UPSI) and shall not communicate, provide or allow access to any Unpublished Price Sensitive Information except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.

The Company shall also ensure that all files including soft copies containing Unpublished Price Sensitive Information are kept secure, such that such information can only be accessed by persons who “need to know” such information or for Legitimate Purpose. All Designated Person(s) and Insiders that get access to Unpublished Price Sensitive Information shall also ensure that the files including soft copies containing Unpublished Price Sensitive Information are kept secure.

3.2. Chinese wall procedure

In order to prevent the leaking of confidential and unpublished price sensitive information, the Company has framed Chinese wall process separating the departments that receive and have access to UPSI (for ex. Accounts and finance) from the departments that do not deal with UPSI (for ex. Marketing, Sales, etc.

3.3. Limited access to confidential information

All the measures should be taken in order to ensure that the files or any document containing confidential information is kept secure.

3.4. Permitted Communication

Unpublished Price Sensitive Information may be disclosed, communicated, provided, allowed access to or procured, in connection with a transaction that would:

- a) entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the listed company is of informed opinion that sharing of such information is in the best interests of the Company;
- b) not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the listed company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board may determine to be adequate and fair to cover all relevant and material facts.

However, the Board shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

3.5. Crossing the Wall

Under exceptional circumstances, where employees from other department require confidential information, they may be allowed to cross the wall within the purview of giving the information on need-to-know basis provided that they should first inform the Compliance officer of the company, and arrange to make necessary entry in the SDD database., and with complete intimation to the Compliance Officer of the Company.

4. TRADING WHEN IN POSSESSION OF UPSI

Save as provided in this Code and the PIT Regulations, no insider shall trade in securities of the Company, either on his own behalf, or on behalf of any other person, when in possession of UPSI except as provided in Regulation 4 of the PIT Regulations, as amended from time to time.

Insiders shall maintain the confidentiality of all UPSI. They shall, while in possession of any UPSI, neither deal in the securities of the Company on the basis of UPSI nor pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company.

In the case of connected persons, the onus of establishing that they were not in possession of UPSI, shall be on such connected persons and in other cases, the onus would be on the Securities and Exchange Board of India.

4.1. Trading Plan

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

Trading Plan shall:

- (i) not entail commencement of trading on behalf of the Insider earlier than one hundred and twenty calendar days from the public disclosure of the plan;
- (ii) not entail overlap of any period for which another trading plan is already in existence;
- (iii) set out following parameters for each trade to be executed:
 - a. either the value of trade to be effected or the number of securities to be traded;
 - b. nature of the trade;
 - c. either specific date or time period not exceeding five consecutive trading days;
 - d. price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:
 - ✓ for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;
 - ✓ for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price.
- (iv) Not entail trading in securities for market abuse

The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the Trading Plan as per provisions of the PIT regulations. Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. Provided further that trading window norms shall not be applicable for trades carried out in accordance with an approved trading plan.

Upon approval of the Trading Plan, the Compliance Officer shall notify the Trading Plan to the stock exchange(s).

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.

However, Implementation of the trading plan shall not be commenced if any UPSI 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.

Provided further that, if the insider has set a price limit for a trade under 4.1 (iii)(iv), the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed.

Explanation: In case of non-implementation (full/partial) of trading plan due to either reasons enumerated in sub-regulation above or failure of execution of trade due to inadequate liquidity in the scrip, the following procedure shall be adopted:

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

5. TRADING RESTRICTIONS

5.1. Trading Window

The period prior to declaration of UPSI is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Designated Persons will, during that period, often possess UPSI. During such sensitive times, the Designated Persons of the Company and their immediate relatives shall not deal in the securities of the Company when the trading window is

closed. The period during which the trading window is closed shall be termed as “**Trading window Closure Period**”.

| S. No. | Events / Particulars | Restrictive Period | |
|--------|---|---|---|
| | | From | To |
| 1. | Declaration of quarterly financial results | End of every quarter | 48 hours after the declaration of financial results |
| 2. | Declaration of Interim / Final Dividend | From the date Stock Exchange was informed about the date of Board meeting where the proposal for interim/final dividend will be considered till 48 hours from the announcement of decision of the Board to the Stock Exchanges. | |
| 3. | Any other major events as mentioned at Sl. nos. (iii) to (xvi) of Para no. 1.19 | From the date of circulation of agenda for the meeting of the Board of Directors till 48 hours from the announcement of decision of the Board to the Stock Exchanges. | |

All Specified Persons shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company’s securities during the periods when the trading window is closed or during any other period as may be specified by the Company from time to time. 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 is closed.

All Designated Persons of the company shall conduct all their dealings in the securities of the Company only during the “**Free Period**” and shall not deal in any transaction involving the purchase or sale of the Company's securities during the “**Prohibited Period**” or during any other period as may be specified by the Company from time to time.

5.2. Pre – clearance of Trade

Designated Persons shall require pre-clearance from the Compliance Officer in respect of purchase/sale of securities of the Company, where the deal is exceeding minimum threshold limit of 500 shares OR where the transaction value of the Securities intended to be traded exceeds Rs. 5 Lakh (market value) (purchase/sale consideration) during a Calendar Quarter (either in one transaction or in a series of transactions). Such purchase/sale of securities by the Compliance Officer shall require pre-clearance from the Chairperson of the Board or from such other person as may be decided by the Board of Directors of the company from time to time.

An application for pre-clearance of trade may be made to the Compliance Officer in Pre Clearance Application Form along with Undertaking executed in favour of the Company (format enclosed as '*Appendix A*').

The Compliance Officer shall on receiving an application provide the Designated Person/Immediate relative of Designated Person with an acknowledgement on the duplicate of the application. The Compliance Officer shall grant approval (in format enclosed as '*Appendix B*') within 2 days from the date of acknowledgement. The Compliance Officer shall retain copies of all applications & acknowledgements. In exceptional circumstances consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price sensitive information. There shall be no obligation to give reasons for any withholding of consent. If so requested by the Compliance Officer, Designated person must ensure that his stock broker is authorised to disclose to the Company all matters relevant to his share dealings. Also, the compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.

Other restrictions

- All Designated persons shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the designated persons must pre clear the transaction again.
- The Designated Persons shall file the details of the trade (*including trade by their immediate relatives and any other person for whom they take trading decisions*) with the Compliance Officer in the prescribed form (enclosed as '*Appendix C*') within 2 (two) working days of from the date of execution of the Trade. In case the Trade is not undertaken, a report to that

effect shall also be filed with the Compliance Officer in the same form within 2 working days after expiry of seven trading days of pre clearance approval.

- All Designated Persons (*including their immediate relatives and any other person for whom they take trading decisions*) who buy or sell any number of securities of the Company shall not enter into a *contra trade* i.e. sell or buy any number of securities during the next six months following the prior transaction. 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. In case a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act. Provided that this shall not be applicable for trades pursuant to exercise of stock options.

Disclosure Requirements: The Designated persons shall be required to disclose name and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis included in Appendix D and as and when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one-time basis.

Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

The Audit Committee of a listed company 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.

6. DISCLOSURES REQUIREMENT

6.1. Initial Disclosure

Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the Company as on the date of appointment or becoming a Promoter, to the Company within seven days of such appointment or becoming a promoter in '**Form B**' (enclosed).

6.2. Continuous Disclosure

- (i) Every Promoter, member of the promoter group and designated person and director of every company shall disclose to the Company the number of such securities acquired or disposed of by them 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 Ten lakh rupees. Such disclosure shall be made in the '**Form C**' within 2 trading days of such transaction. The Company shall notify the particulars of such trading to the stock exchange(s) within two trading days of receipt of the disclosure or from becoming aware of such information.
- (ii) All Designated Persons shall file an annual statement in the '**Appendix D**' to the Compliance Officer of their entire holding in the Company's Securities along with the statement of Immediate Relative as on 31st March every year. The annual statement should be filed by 30th April every year.
- (iii) The Board / Compliance Officer may, at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in Securities of the Company in such form and at such frequency as may be determined by the Board / Compliance Officer in order to monitor compliance with the Regulations and this Code.

7. PENALTY FOR CONTRAVENTION OF THE CODE

- (i) Every Designated person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions here of are applicable to his/her Immediate Relatives).

- (ii) Any Designated person who trades in Securities or communicates any information for trading in Securities, in contravention of this Code will be penalized and appropriate action may be taken as decided by the Board of Directors.
- (iii) Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.
- (iv) The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

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

To ensure fair disclosure of events and occurrences that could impact price discovery in the market, the Board of Directors of the Company shall adhere to the following Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information envisaged in Schedule A of SEBI (Prohibition of Insider Trading) Regulation, 2015:

- 1) It shall be ensured that prompt public disclosure of unpublished price sensitive information is made to make it generally available, once it is discovered that credible and concrete information having the potential of effecting the price of securities of the Company exists or comes into being.
- 2) It shall be ensured that uniform and universal dissemination of unpublished price sensitive information is promptly made to avoid selective disclosures.
- 3) The Company Secretary of the Company is designated as a Chief Investor Relations Officer (CIRO) to deal with dissemination of information and disclosure of unpublished price sensitive information.
- 4) In case unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise, action shall be taken by Chief Investor Relations Officer to make prompt dissemination of such information to make such information generally available.

- 5) Chief Investor Relations Officer shall make appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- 6) Chief Investor Relations Officer shall further ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
- 7) Company shall 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.
- 8) All unpublished price sensitive information shall be disclosed on a need-to-know basis.
- 9) Posting of this code on company's website

If case of any inconsistency between this Code and the Indian regulations, the requirements of the Indian regulations shall prevail.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities including SEBI, not being consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

APPENDIX A
PRE CLERANCE APPLICATION FORM

To,
The Compliance Officer
Sharda Motor Industries Limited (“Company”)
D- 188, Okhla Industrial Area
Phase – I, New Delhi – 110020, India

Sub: Application for pre-dealing approval in securities of the Company

Dear Sir/Madam,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and SMIL Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, (“Code”), I seek approval to purchase / sale / subscribe/dealing of securities of the Company as per details given below:

| S. No. | Particulars | |
|--------|--|---|
| 1 | Name | |
| 2 | Designation and Department | |
| 3 | Number of securities held as on date | |
| 4 | Folio No. / DP ID / Client ID No. | |
| 5 | The proposal is for | Sale <input type="checkbox"/> Purchase <input type="checkbox"/> Subscription <input type="checkbox"/> Others <input type="checkbox"/> |
| 6 | Proposed date of dealing in securities | |
| 7 | Estimated number of securities proposed to be acquired/subscribed/sold | |
| 8 | Price at which the Transaction is proposed | |
| 9 | Current market price (as on the date of application) | |

| | | |
|----|--|--|
| 10 | Whether the proposed transaction will be through stock exchange or off-market deal | |
| 11 | Folio No. / DP ID / Client ID No. where the securities will be credited / debited | |

DECLARATION AND UNDERTAKING

I further declare and undertake that:

- a) I am not in possession of or otherwise privy to any unpublished Price Sensitive Information (as defined in the Company's Code up to the time of signing this Undertaking.
- b) In the event that I have access to or received any information that could be construed as "Unpublished Price Sensitive Information" as defined in the Code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.
- c) I have not contravened the provisions of the Code as notified by the Company from time to time.
- d) I shall submit the necessary report within two working days of execution of the transaction in case transaction is executed and within two working days from the date of expiry of seven days from the date of pre clearance approval in case transaction is not undertaken.
- e) If approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek pre-clearance.
- f) I have made full and true disclosure in the matter.

Yours faithfully,

(Signature of Applicant)

For the use of Compliance Officer:

| Date of receipt of Application | Approval Date | Approval Number | Compliance officer's signature |
|---------------------------------------|----------------------|------------------------|---------------------------------------|
| | | | |

APPENDIX B

PRE- CLEARANCE APPROVAL

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 Seven (7) days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek 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 transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be filed.

For Sharda Motor Industries Limited

Compliance Officer

Date: _____

Encl: Format for submission of details of transaction

APPENDIX C

SUBMISSION OF DETAILS OF TRANSACTION EXECUTED UNDER PRE CLEARANCE APPROVAL

To,

**The Compliance Officer
Sharda Motor Industries Limited (“Company”)
D- 188, Okhla Industrial Area
Phase – I, New Delhi – 110020, India**

I hereby inform that:

- (i) Have/ have not bought/sold/subscribed/otherwise deal the securities of the Company.
- (ii) Pre-Clearance approval no & Date:

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

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 3 years and produce to the Compliance officer / SEBI any of the following documents:

- (i) Broker’s contract note.
- (ii) Proof of payment to/from brokers.
- (iii) Extract of bank passbook/statement (to be submitted in case of demat transactions).
- (iv) Copy of delivery instruction slip (applicable in case of sale transaction).

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

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

Date:

Signature:

Name:

FORM B

SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a Key Managerial Personnel/Director/Promoter/Member of the promoter group]

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 or member of the promoter group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

| Name, PAN, CIN/DIN & Address with contact nos. | Category of Person (KMP / Director or Promoter or member of the promoter group/ Immediate relative to/others, etc.) | Date of appointment of KMP/Director / OR Date of becoming Promoter/ member of the promoter group | Securities held at the time of appointment of KMP/Director or upon becoming Promoter or member of the promoter group | | % of shareholding |
|--|---|--|--|-----|-------------------|
| | | | Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlements, etc.) | No. | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | | |

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

Details of Open Interest (OI) in derivatives on the securities of the company held on appointment of KMP or Director or upon becoming a Promoter or member of the promoter group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

| Open Interest of the Future contracts held at the time of appointment of Director/KMP or upon becoming Promoter/member of the promoter group | | | Open Interest of the Option Contracts held at the time of appointment of Director/KMP or upon becoming Promoter/member of the promoter group | | |
|--|--|-------------------------------|--|--|-------------------------------|
| Contract specifications | Number of units (contracts * lot size) | Notional value in Rupee terms | Contract specifications | Number of units (contracts * lot size) | Notional value in Rupee terms |
| 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | |

Signature:

Designation:

Date:

Place:

FORM C
SEBI (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (2) read with Regulation 6(2) – Continual Disclosure]

Name of the company: _____

ISIN of the company: _____

Details of change in holding of Securities of Promoter, Member of the Promoter Group, Designated Persons, or Directors and Employees and other such persons as mentioned in Regulation 6(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015

| Name, PAN, CIN/DIN, & addresses with contact nos. | Category of Person (Promoter / member of the promoter group/ designated person/ 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, ESOPs etc.) | Exchange on which the trade was executed |
|---|---|---|---------------------------|---|-----|-------------------|---|---|---------------------------|---|----|-------------------------------|--|--|
| | | Type of security (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlements etc.) | No. and % of shareholding | Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.) | No. | Value (In Crores) | Transaction Type (Purchase/ sale Pledge / Revocation / Invocation/ Others please specify) | Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.) | No. and % of shareholding | From | To | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | | | | | | | | | | |

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

(ii) Value of transaction excludes taxes/brokerage/any other charges

Details of trading in derivatives on the securities of the company by Promoter, member of the promoter group, designated person or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2).

| 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 (contracts * lot size) | Notional Value | Number of units (contracts * lot size) | |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | | |

Signature:

Designation:

Date:

Place:

FORM D (Indicative format)
SEBI (Prohibition of Insider Trading) Regulations, 2015
Regulation 7(3) – Transactions by Other connected persons as identified by the company

Details of trading in securities by other connected persons as identified by the company

| Name, PAN, CIN/DIN, & address with contact nos. of other connected persons as identified by the company | Connection with company | 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, ESOPs etc.) | Exchange on which the trade was executed |
|---|-------------------------|---|---------------------------|---|-----|-------------------|--|---|---------------------------|---|----|-------------------------------|--|--|
| | | Type of security (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlements etc.) | No. and % of shareholding | Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.) | No. | Value (In Crores) | Transaction Type (Purchase/ sale Pledge / Revocation / Invocation/ Other please specify) | Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.) | No. and % of shareholding | From | To | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | | | | | | | | | | |

Note: (i) “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.
(ii) Value of transaction excludes taxes/brokerage/any other charges

Details of trading in derivatives on the securities of the company by other connected persons as identified by the company

| 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 (contracts * lot size) | Notional Value | Number of units (contracts * lot size) | |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | | |

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name:

Signature:

Place:

**APPENDIX D
ANNUAL STATEMENT**

To,
The Compliance Officer
Sharda Motor Industries Limited ("Company")
D- 188, Okhla Industrial Area
Phase – I, New Delhi – 110020, India

Dear Sir/ Madam,

In terms of Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, I, _____ (Name), _____ of the Company/ connected with the Company in the capacity of _____ (Designation) hereby inform you about the securities / voting rights held by me / Immediate relatives as on March 31st as per particulars give under:

A. DETAILS OF SECURITIES HELD IN MY NAME (As on March 31)

| PAN | Folio No./Client ID/DP ID | No of Securities held |
|-----|---------------------------|-----------------------|
| | | |
| | | |

B. IMMEDIATE RELATIVES

* "immediate relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

| Name | Relationship | No. of Securities held | Folio No./Client ID/DP ID | PAN, | whether share material financial relationship** (Yes/No) | Contact No |
|------|--------------|------------------------|---------------------------|------|--|------------|
| | | | | | | |
| | | | | | | |

**("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 transaction.

I do hereby declare that what is stated above is true to the best of my knowledge and belief.

Signature:

Designation:

Date:

Place: