



# **SHETRON LIMITED**

THE NAME BEHIND THE NAMES

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING AND CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

**(Approved on Board Meeting dated 29.05.2015)**

### **Registered Office:**

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# **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

*[Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015]*

## **THE CONCEPT:**

The SEBI (Prohibition of Insider Trading) Regulations, 2015 have been devised by the Securities and Exchange Board of India (SEBI) to deter the practice of Insider Trading in the shares of Listed Companies. The objective is to make for a level playing field for the company employees and the outside investors in the securities thereby ensuring transparency and fair play in securities' transaction(s). SEBI seeks to achieve this objective through barring insiders of a Listed Company to deal in its securities, while in possession of unpublished price sensitive information.

**'Insider'** covers in its ambit

- Any person who is or was or deemed to be connected with the Company and who is reasonably expected to have access to unpublished price sensitive information;
- Any person who has received or has had access to unpublished price sensitive information;

Insider Trading thus refers to a practice whereby a person's access to confidential (inside) and non-published (advance) information gives him an unfair advantage over others in the trading of a company's securities.

## **COMBATING INSIDER TRADING:**

Trading on inside information at the expense of outside investors is regarded as injustice to outside investors and to curb that, Regulation 9 requires all Listed Companies to develop their own code of conduct for prevention of insider trading, in a manner as near thereto the Model Code of Conduct as prescribed in the subject regulations.

**M/s Shetron Limited** has therefore framed a Policy for Prohibition of Insider Trading, the text of which is produced below:

## **APPLICABILITY:**

The policy is applicable to the following categories of persons including their dependant family members i.e. Spouse, Unmarried Children, Father & Mother:

- All Directors of the Company
- Officers\*
- Designated Employees\*\*
- Any person who is a Promoter or Part Of Promoter Group

\* 'Officer' includes any Director, Manager or Company Secretary or any person who is accustomed to act under the directions or instructions of the Board of Directors of the Company or any one or more of the Directors, and includes an auditors.

\*\* 'Designated Employee' means: -

- i. Every Employee in the top three layers of the Management,
- ii. Every Executive Secretary/Executive Assistant to every Employee covered under (i) above,
- iii. Every Employee in the Corporate Finance & Accounts/MIS;
- iv. Any other Employee as may be designated by the Compliance Officer in consultation with the Managing Director of the Company considering the objectives of the Code.
- v. Immediate relatives of i to iv above.

## **COMPLIANCE OFFICER:**

The Company Secretary of the Company shall act as the Compliance Officer of the Company for the purposes of these Regulations and is responsible to comply with the provisions as contained herein.

The Compliance Officer shall report to the Managing Director of the company.

The Compliance Officer will maintain a record of the shareholding of the employees and Designated Persons in the Company and any changes made therein. The Compliance Officer would assist all the employees in addressing any clarification regarding the Regulations and Code and shall also deal with dissemination of information and disclosure of Unpublished Price Sensitive Information. (UPSI)

## **CONNECTED PERSON:**

“Connected Person,” includes:

- 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. The persons enumerated below shall be deemed to be Connected Persons if such person has access to UPSI or is reasonably expected to have access to UPSI
  - (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 recognised or authorized by the Board; or
  - (i) a banker of the company; or
  - (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

## **PRICE SENSITIVE INFORMATION:**

Any information, which relates directly or indirectly to the Company and which if published, is likely to materially affect the price of Securities of the Company.

The following shall be deemed to be Price Sensitive Information:

- i. Periodical audited or unaudited financial results of the Company;
- ii. Intended declaration of dividends (both interim and final);
- iii. Issue of Securities or Buy-back of Securities;
- iv. Any major expansion plans or initiation/ execution of new projects;
- v. Amalgamation, Mergers or Takeovers;
- vi. Disposal of the whole or a substantial part of the undertaking;
- vii. Any significant changes in policies, plans or operations of the Company;
- viii. Changes in Key Managerial Personnel;
- ix. Material events in accordance with Listing Agreement;
- x. Such other information as may affect the earnings of the Company;

## **PROHIBITION ON COMMUNICATING OR PROCURING UNPUBLISHED PRICE SENSITIVE INFORMATION:**

The Directors/ Officers/ Designated Employees/ Promoters or Person who is part of Promoter Group shall maintain the confidentiality of all 'Price Sensitive Information' (PSI) and shall not disclose or communicate or counsel or procure directly or indirectly the Price Sensitive Information to any person until the same is made available to the general public and shall not buy/ sell securities of the Company either on their own behalf or on behalf of any other person without the prior intimation.

## **PROHIBITION ON INSIDER TRADING:**

An Insider shall not, directly or indirectly, –

- i. Trade in securities that are listed or proposed to be listed when in possession of UPSI;
- ii. Trade in securities of the Company except when the Trading Window is open and the Insider is not in possession of UPSI.

Provided the restriction in 4 (i) above shall not apply to:

- (a) a transaction that is an off-market inter-se transfer between Promoters who were in possession of the same UPSI without being in breach of these Rules and both parties had made a conscious and informed trade decision; and
- (b) Trades pursuant to a Trading Plan set up in accordance with these Rules.

### **TRADING PLAN:**

A Designated Person shall be entitled to formulate a trading plan that complies with the SEBI Regulations (a “Trading Plan”) and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out in his behalf in accordance with such plan.

The Compliance Officer shall review and approve the trading plan if it complies with the SEBI Regulations and shall disclose the trading plan to the stock exchanges.

The trading plan once approved shall be irrevocable and the Designated Person 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, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Designated Person is in possession of UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the trading plan shall be deferred until such UPSI becomes generally available information.

Further, the Designated Person shall also not be allowed to trade in securities of the Company, if the date of trading in securities of the Company, as per the approved trading plan, coincides with the date of closure of trading window announced by the Compliance Officer. The entail trading for a period of not less than twelve months and also not entail to overlap of any period for which another trading plan is already in existence.

### **TRADING WINDOW - TRADING PERIOD AND TRADING LIMIT:**

All the Directors / Officers/ Designated employees (as well as the dependants of all three categories) and Promoters or Person who is part of Promoter Group 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 period when the trading window is closed.

- **Trading Window** shall be closed 15 days before the date of Board Meeting related with any item of the Price Sensitive Information. Trading window shall open 24 hours after the Price Sensitive Information is published or made available to the general public.
- There is no restriction for trading of securities of value for less than Rs.1,00,000/- or less than 5,000 in no., whichever is lower, of shares during a valid trading window.
- All the Directors/ Officers/ Designated Employees (as well as the dependants of all three categories) and Promoters or Person who is part of Promoter Group who intend to deal in shares (not less than 5,000 shares in no. or Rs.1,00,000/- in value, in one financial year) should get **prior-clearance** of the transaction as per the procedure:
  1. Application to the Compliance Officer in the prescribed format.
  2. Undertaking has to be executed by Directors/ Officers/ Designated Employees/ Promoters or Person who is part of Promoter Group in favor of the Company stating that:
    - he/ she does not have access to or received Price Sensitive Information upto the time of signing the undertaking;
    - that in case he/ she has access to or receives Price Sensitive Information after signing the undertaking but before execution of transaction, he/ she shall inform the Compliance Officer forthwith and refrain from dealing in securities till the PSI becomes public;
    - he/ she has not contravened the provisions of the Code on Prevention of Insider Trading;
    - he/ she has made full disclosure in the matter;

3. Execution of order within one week i.e. 7 days of the permission, else fresh clearance will be required.

- In all cases, Directors/ Officers/ Designated Employees/ Promoters or Person who is part of Promoter Group who buy or sell any no. of shares of **Company shall not enter into an opposite transaction** i.e. sell or buy any no. of shares **within 6 months** following a prior transaction and shall also not take positions in derivative transactions in the shares of the Company at any time.

In case sale of securities is necessitated by personal emergency, the holding period may be waived by Compliance Officer after recording in writing the reasons in this regard.

The Compliance Officer of the Company shall disclose the information regarding the closure and open of Trading Window to the concerns from time to time.

## **DISCLOSURES:**

Disclosure has to give in the following cases:

### **1. Initial Disclosures:**

- ❖ Every Promoter, Key Managerial Personnel, Director of the Company and each of their immediate relatives shall disclose his holding of securities of the Company within thirty days of these Rules taking effect as per **Form A**.
- ❖ Every person on appointment as a Key Managerial Personnel or a director of the Company or upon becoming a Promoter shall disclose his / her and Immediate Relatives' 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, as per **Form B**.

### **2. Continual Disclosures:**

- ❖ Every Promoter, employee, Director of the Company shall disclose as per **Form C** to the Company the number of such securities acquired or disposed of within two



trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. Ten lakhs.

- ❖ Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

### **3. Disclosure to the Stock Exchange:**

The Compliance Officer shall notify the stock exchanges, particulars of the Trades, within two trading days of the receipt of the Continual Disclosure or from becoming aware of such information.

### **4. Disclosures by other Connected Persons:**

The Compliance Officer may, require any other Connected Person to disclose the holdings and trading in securities of the Company as per **Form D** at such frequency as he may determine.

### **MISCELLANEOUS:**

- The Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.
- The Compliance Officer shall provide the Audit Committee of the Board, on a quarterly basis, all the details of Trading in securities by the Designated Persons including any violations of the Rules.
- The Compliance Officer shall maintain
  - a. updated list of Designated Persons,
  - b. records of disclosures and pre-clearance applications and undertakings for a period of five years and
  - c. a confidential list of any 'restricted securities' to which the Compliance Officer may require Designated Persons to seek pre-clearance before Trading in such 'restricted securities'.

- The Company shall require all Connected Persons to formulate and adhere to a code of conduct to achieve compliance with these Rules. In case such persons observe that there has been a violation of these Rules, then they shall inform the Board of Directors of the Company promptly.

### **PENALTY FOR CONTRAVENTION**

Every person, to whom the Policy is applicable, shall be individually responsible for complying with the provisions of this policy (including to the extent the provisions hereof are applicable to his/ her dependants).

Any person who violates the Policy, shall, in addition to any other penal action that may be taken against him under any law, also be subject to disciplinary action by the Company.

### **CLARIFICATIONS:**

For all queries concerning this Code, Officers and Employees may please contact the Compliance Officer.

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

*(Pursuant to Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations,  
2015)*

## **OVERSEEING AND CO-ORDINATING DISCLOSURE:**

The Compliance Officer shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and co-ordinating disclosure of Price Sensitive Information to stock exchanges, analysts, shareholders and media, and educating staff on disclosure policies and procedures and shall report to the Managing Director.

The Compliance Officer shall act as Chief Investor Relations Officer and will be responsible for ensuring that the Company complies with the continuous disclosure requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and this Code. He shall also be responsible for overseeing, monitor & co-ordinating dissemination of disclosure of price sensitive information to Stock Exchanges and stakeholders.

The Compliance Officer shall also ensure that the guidelines for interacting with Media & External Public applicable for the Company are complied with.

All disclosure/ dissemination whatsoever of any information (save and except disclosure required to be made under any law or under this Code) on behalf of the Company shall be first marked to the Compliance Officer for approval. Any such information shall be made public or published on behalf of the Company only if the same is approved by the Compliance Officer in consultation with the Managing Director.

Should any dissemination of information on behalf of the Company take place without prior approval referred to above, out of accident omission, by any Employee or Director of the Company, such Employee/ Director shall forthwith inform the Compliance Officer, about such disclosure irrespective of the fact whether such information is Price Sensitive Information or not.

## **RESPONDING TO MARKET RUMOURS:**

The Employees/ Directors of the Company shall promptly direct any queries or requests for verification of market rumours received from stock exchanges or from the press or media or from any other source to the Compliance Officer. The Compliance Officer shall on receipt of requests as aforesaid, consult the Managing Director as the case may be and respond to the same without any delay.

The Compliance Officer shall be also responsible for deciding in consultation with the Managing Director of the Company as to the necessity of a public announcement for verifying or denying rumours and thereafter making appropriate disclosures.

All the requests/ queries received shall be documented and as far as practicable, the Compliance Officer shall request for such queries/requests in writing. No disclosure in response to the queries/request shall be made by the Compliance Officer unless the Managing Director approves the same.

## **DISCLOSURE DISSEMINATION OF PRICE SENSITIVE INFORMATION WITH SPECIAL REFERENCE TO ANALYSTS, INSTITUTIONAL INVESTORS:**

No person, except those authorized by the Compliance Officer shall disclose any information relating to the Company's Securities to analysts and institutional investors.

The Compliance Officer shall be invited to meetings/ conferences organized by the Company with the analysts/ institutional investors. All Directors, Officers and Employees of the Company should follow the guidelines given hereunder while dealing with analysts and institutional investors:

## **SHARING OF NON PUBLIC INFORMATION:**

The Directors, Officers and Employees shall provide only public information to the analysts/ research persons/ large investors like institutions. In case non- public information is proposed to be provided, the person proposing to so provide information shall consult the Compliance officer in advance. The Compliance Officer in such cases, shall ensure that that the information provided to the analyst/ research person/investor as above is made public simultaneously with such disclosure.

The Company shall take extreme care and caution when dealing with analysts questions that raise issues outside the intended scope of discussion.

The Compliance Officer should tackle the unanticipated questions carefully. The unanticipated questions may be noted and a considered response be given later in consultation with the Managing Director. If the answer to any question requires dissemination of Price Sensitive Information, the Compliance Officer shall report the same to the Managing Director and obtain necessary approval for its dissemination to the Stock Exchanges/ public announcement through press.

**RECORDING OF DISCUSSION:**

All the analyst, broker or Institutional Investor meetings shall be attended by the Compliance Officer and another senior Employee(s) of the Company. The Compliance Officer in order to avoid misquoting or misrepresentation shall arrange for recording the discussions at the meeting.

**SIMULTANEOUS RELEASE OF INFORMATION:**

Whenever the Company proposes to organize meetings with investment analysts/ institutional investors, the Company shall make a press release or post relevant information on its web site after every such meeting. The Company may also consider live webcasting of analyst meets.

The Compliance Officer shall be responsible for drafting of the press release or the text of the information to be posted on the Company's web-site, in consultation with the Managing Director.

**MEDIUM OF DISCLOSURE/ DISSEMINATION:**

The Company shall disseminate all Price Sensitive Information on a continuous and in a timely manner to Bombay Stock Exchange and thereafter to the press.

As a good corporate practice, the Price Sensitive Information disclosed to the Bombay Stock Exchange and to the Press the Company may also consider other modes of public disclosure of Price Sensitive Information so as to improve investor access to the same.

**DISCLOSURES:**

This Code and any amendment thereof will be published on the Company's official website ([www.shetrongroup.com](http://www.shetrongroup.com)) and formulation and publication of the same shall be confirmed to the Stock Exchange(s) where the securities of the Company are listed.

**REVIEW AND AMENDMENTS:**

The Board of Directors reserves the power to review and amend this code from time to time in accordance with the in the manner as may be decided by the Board of Directors.

Date: 29.05.2015

Place: Bangalore

Diwakar S Shetty  
Chairman