

## **CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING IN SECURITIES**

1. This code is framed pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 as amended and supersedes the earlier code.
2. **Definitions:**

For the purpose of this code the following terms shall have the meanings assigned to them hereunder:

  - i. **"Act"** means the Securities and Exchange Board of India Act, 1992, as amended from time to time
  - ii. **"Code"** or "this Code" shall mean this Code of Conduct for Prohibition of Insider Trading in securities of Virat Industries Limited as amended from time to time
  - iii. **"Company" or "the Company"** means Virat Industries Limited
  - iv. **"Compliance Officer"** means the Compliance Officer appointed pursuant to Clause 4 of this Code.
  - v. **"Connected Person"** means connected Person as mentioned in Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and as amended from time to time.
  - vi. **"Designated Person(s)" shall include:**
    - (i) All Directors, Key Managerial Personnel, and functional /departmental heads of the Company by whatever name called.
    - (ii) Executive assistant/secretaries of the aforesaid persons referred in point a above.
    - (iii) All employees of the Company in the Corporate Secretarial Team, Finance, Business Finance,
    - (iv) Revenue, Human Resources, FP&A, Legal, Governance Risk and Compliance, Public
    - (v) Relations, Corporate Development of Manager (or equivalent) designation and above.
    - (vi) Chief Executive Officer and employees up to two levels below Chief Executive Officer of the Company and its material subsidiaries irrespective of their functional role in the Company or ability to have access to UPSI.
    - (vii) Support staff of the Company such as IT staff and secretaries / assistants who have access to UPSI.
    - (viii) Employees of the Company and its material subsidiaries designated as such on the basis of their functional role or access to UPSI in the Company by the Board of Directors
    - (ix) Any such other Person identified by CEO/MD/CFO in consultation with the Compliance Officer on the basis of their functional role and such function would provide access to UPSI

- vii. **"Director"** shall mean and include a member of the Board of Directors of the Company
- viii. **"Employee(s)"** shall mean and include all employees of the Company (whether or not on probation);
- ix. **"Generally Available Information"** means information that is accessible to the public on a non- discriminatory basis.
- x. **"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;
- xi. **"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;
  - (iv) spouse of the person listed at sub-clause (iii); and
  - (v) spouse of the person listed at sub-clause (iv)
- xii. **"PIT Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended;
- xiii. **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- xiv. **"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.
- xv. **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- xvi. **"Trading day"** means a day on which the recognized stock exchanges are open for trading;
- xvii. **"Unpublished Price Sensitive Information" or "UPSI"** means 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 and shall, ordinarily including but not restricted to, information relating to the following: –
  - (x) financial results;
  - (xi) dividends;
  - (xii) change in capital structure;
  - (xiii) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (xiv) changes in key managerial personnel;

Terms not specifically defined herein shall have the same meaning as assigned

to them in the PIT Regulations.

**3. Purpose of the Code:**

This Code has been formulated to regulate, monitor and ensure reporting of trading by the Designated Persons and immediate relatives of Designated Persons and other connected persons, towards achieving compliance with the PIT Regulations.

The Designated persons and immediate relatives of Designated Persons and other connected persons as defined in the Regulations should desist from trading while they are in possession of UPSI.

**4. Compliance Officer**

The Board of Directors shall designate a senior level officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the PIT Regulations, to be the Compliance Officer for the purpose of the PIT Regulations and this Code.

The Compliance Officer shall be responsible under the overall supervision of the Board of Directors of the Company for:

- (i) Compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI;
- (ii) pre-clearing of Designated Persons and their Immediate Relatives' trades;
- (iii) reviewing trading plans to assess whether the plan would have any potential for violating the PIT Regulations, seeking undertakings as may be necessary, approving and monitoring the implementation of the plan;
- (iv) monitoring trades of Designated Persons and their immediate relatives', and the implementation of codes specified under the applicable PIT Regulations;
- (v) providing reports to the Chairman of the Audit Committee or to the Chairman of the Board of Directors on a quarterly basis on the compliance status and such other additional reports as the situations may warrant;

The Compliance Officer shall administer the code of conduct and other requirements under the PIT Regulations, facilitate the designated persons in addressing any clarifications with regard to the PIT Regulations and this Code.

**5. Preservation of Unpublished Price Sensitive Information**

Employees and Designated Persons shall maintain the confidentiality of all UPSI on a "need to know" basis. They shall not pass on UPSI to any person, including to other Employees, directly or indirectly, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

If, in the performance of duties, it becomes necessary for the Designated Person to disclose any unpublished price sensitive information to any person outside the Company, e.g., Advisors, Auditors, Consultants, Merchant Bankers, etc., the Designated Person shall ensure that the concerned Advisor, Auditor, Consultant, Merchant Banker, etc., executes an Agreement in the prescribed format with the Company. Notice shall be given to such persons regarding restrictions on communication of UPSI and on trading while in possession of UPSI.

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

Where Chinese Wall arrangements are in place Employees working within an Insider Area are prohibited from communicating any price-sensitive information to Employees in Public Areas without the prior approval of the Compliance Officer.

Employees within a Chinese wall shall be responsible for ensuring the Chinese wall is not breached deliberately or inadvertently. Employees should take care to ensure that price sensitive information is not posted on IT systems that are available outside specific Insider areas (e.g. Intranet). Known or suspected breaches of the Chinese wall must be referred to the Compliance Officer immediately.

The establishment of Chinese Walls is not intended to suggest that price sensitive information can circulate freely within Insider Areas. The 'need-to-know' principle shall be fully in effect within Insider Areas. In exceptional circumstances, Employees from the Public Areas may be allowed to 'cross the wall' and given price sensitive information by following the 'need-to-know' principle, under intimation to the Compliance Officer. The Compliance Officer would duly record reasons for crossing the wall in writing. Such persons shall be made aware of the duties and responsibilities attached to the receipt of UPSI, and the liability that attaches to misuse or unwarranted use of such information.

Further the Company shall:-

- (i) Identify list of all employees, designated persons and connected persons who have access to UPSI or are in receipt of UPSI for legitimate purposes.
- (ii) Maintain structured digital database containing nature of UPSI, names of persons who have shared the information, names of such persons or entities as the case may be with whom information is shared.
- (iii) Such database shall containing the following information:-
  - a. Name of the persons/entiy(ies) who have shared the information along with their PAN or any other valid identifier authorized by the law where PAN is not available
  - b. Name of the person/ entity(ies) with whom UPSI is shared, along with their PAN or any other valid identifier authorized by the law where PAN is not available.
  - c. Such database shall not be outsourced and shall be maintained internally with adequate internal controls, with time stamping and audit tails to ensure non-tampering of the data
  - d. Name of Designated persons along with their immediate relatives, along with the PAN or any other valid identifier authorized by the law where PAN is not available.
- (iv) Such digital database shall be preserved for a period of not less than eight years after completion of the relevant transactions. Further in case of event of receipt of information from SEBI with respect to any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceeding.

- (v) Obtain declarations for adherence to Minimum Standards of Code of Conduct from Intermediaries and Fiduciaries

## **6. Restriction on Trading**

- 6.1 All Designated Persons and their Immediate Relatives shall be subject to the trading restrictions as enumerated below:

### **6.2 Trading Window**

The Designated Person and his/her Immediate Relatives shall trade in Securities of the Company only during a valid trading period called "Trading Window" to be specified by the Company. The Trading Window shall be closed ordinarily but not restricted to, when the information relating to the following is unpublished and is likely to materially affect the price of the securities upon coming into the public domain:

- a. Declaration of Financial results (quarterly, half yearly and annual)
- b. Declaration of dividends (interim and final)
- c. Change in Capital structure.
- d. Mergers (other than wholly owned subsidiaries), De-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions
- e. Change in key managerial personnel;

In respect of declaration of financial results, the Trading Window shall remain closed from the first day of the month following the quarter, half-year or financial year, as the case may be till 48 hours from the time the results are communicated to the Stock Exchanges.

Window shall be opened 48 (Forty-eight) hours after the information referred to above is made public or the activity/project is abandoned.

The Designated Person and their Immediate Relatives shall conduct all their trading in the Virat Industries Securities during a valid Trading Window and shall not deal in any transaction involving the purchase or sale of the Virat Industries Securities during the period when Trading Window is closed or during any such other period as may be specified by the Company from time to time.

The Trading Window shall also be applicable to any person having contractual or fiduciary relation with the company such as Auditors, accountancy firms, law firms, analysts, consultants, merchant bankers, assisting or advising the Company. Closure of Trading Window would be communicated by the concerned Designated Person to such persons as specified in the Agreement entered into with them.

Trading Window restrictions shall not apply to the following:-

- a. Off-market inter-se transfer between insiders who were in possession of the same UPSI without being in breach of PIT Regulations (provided such UPSI was not obtained in terms of regulation 3(3) of the PIT Regulations) and both the parties had made a conscious and informed trade decision;
- b. Transaction carried out through block deal window mechanism between persons who were in possession of UPSI without breach of PIT Regulations (provided such UPSI was not obtained in terms of regulation 3(3) of the PIT Regulations) and both the parties had made a conscious and informed trade

- decision;
- c. Transaction carried out pursuant to statutory or regulatory obligation to carry out a bonafide transaction;
  - d. Trades pursuant to trading plans set up in accordance with PIT Regulations;
  - e. Pledge of shares for a bonafide purpose such as raising of funds;
  - f. Transaction undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations; and
  - g. transactions undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back or open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by SEBI from time to time.

If any of the transactions mentioned in paragraphs (a) to (e) above are proposed to be undertaken when the trading window is closed, such transaction may be undertaken subject to compliance with all applicable regulations notified by SEBI from time to time and subject to obtaining pre-clearance from the compliance officer.

### **6.3 Pre-clearance of trades**

All Designated Persons and their Immediate Relatives who intend to trade in the Virat Industries Securities should pre-clear the transactions, by making an application in the prescribed form and containing the prescribed undertaking to the Compliance Officer where the aggregate of the Virat Industries Securities to be dealt during a calendar quarter exceeds Rs.10 Lakhs.

It is clarified that it shall be the responsibility of the Designated Person to obtain approvals in respect of the dealings by their Immediate Relatives in compliance to this code.

The Compliance Officer shall either clear the requested deal or decline to clear the requested deal within 7 (seven) working days of the receipt of the application in the prescribed Form. In case the clearance is declined the Compliance Officer shall assign reasons in writing for doing so.

The Designated Persons and their Immediate Relatives shall execute their order in respect of the Virat Industries Securities within the permitted period for trading in the securities as given in the pre-clearance letter and the permitted period in any case shall not be more than 7 (seven) trading days. If the order is not executed within permitted period, the Designated Person must report the decision of not to trade after securing pre-clearance in and the Designated person may apply for fresh pre-clearance.

Designated Persons, despite having received pre-clearance for any proposed trade, must refrain from trading if they come into possession of UPSI or if the Trading Window is closed.

The Compliance Officer may delegate the power to clear the pre-clearance requests to the Function Head handling this process while the Compliance Officer is on leave or travelling.

In case the Compliance Officer or any of his/ her Immediate Relatives wish to deal in the Virat Industries Securities, he/ she would have to make the application in the prescribed to the Managing Director of the Company who

would consider the requested deal within 7 (seven) working days as aforesaid.

- 6.4 Trading Plans: The Designated Persons shall be entitled 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/ her behalf in accordance with such plan.

Such trading plan shall:–

- (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (ii) 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 company and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than twelve months;
- (iv) not entail overlap of any period for which another trading plan is already in existence.
- (v) 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; and
- (vi) 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 the PIT Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. Trading Window norms, restrictions on contra trade, and the requirement of seeking pre-clearance of trades shall not be applicable for trades executed as per an approved trading plan.

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 and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such Unpublished Price Sensitive Information becomes generally available information so as to avoid a violation of sub- regulation (1) of regulation 4 of the PIT Regulations.

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

In case of the Compliance Officer, the trading plan shall be presented to the Managing Director for approval.

6.5 **Restriction on Contra Trade**

All Designated Persons who buy or sell any number of Securities of the

Company shall not execute a contra trade i.e. sell or buy any number of Securities of the Company during the next six months following the prior transaction. This restriction shall not apply to shares acquired through exercise of ESOPs. The compliance officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the PIT Regulations.

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

The Designated Person shall not take positions in derivative transactions in the Securities of the Company at any time.

**7. Reporting Requirements for transactions in securities**

The persons mentioned below will be required to make the following disclosures to the Compliance Officer:

- a. Initial disclosure of Virat Industries Securities held by every Promoters of the Company, Member of the Promoter Group, the Directors, Key managerial personnel and their Immediate Relatives, together with a disclosure of the names of the Immediate Relatives in, to be made within thirty days of this policy come into force.
- b. Every person, within seven days of appointment as a Key Managerial Personnel or a Director of the Company or within seven days of becoming a Promoter or Member of the Promoter Group, shall make a disclosure in for the holding of Virat Industries Securities held by them and their Immediate Relatives on their date of appointment or on becoming a Promoter or Member of the Promoter Group.

In the event a new Immediate Relative relationship comes into being or any existing Immediate Relative ceases to be an Immediate Relative, the concerned Designated Person shall forthwith give a Notice in writing of such development to the Compliance Officer.

- c. Continual Disclosures: Every Promoter, Member of Promoter Group, Designated Person, shall disclose to the Company the number of Virat Industries Securities acquired including allotment under Employee Stock Option Plans of the Company 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 10 lakhs (Rupees Ten Lakhs) in or in such form and manner as may be specified by the SEBI from time to time.

On receipt of disclosure, the Company shall notify the particulars of such trading within two trading days to the stock exchanges.

- d. Any other connected person or class of connected persons shall make their disclosure of holdings and trading in securities of Virat Industries in prescribed form.

The Compliance Officer shall maintain records of all the declarations in



appropriate forms given by the Designated Persons for a minimum period of five years.

The Compliance Officer is authorized to amend the Forms specified in the policy, as and when SEBI amends the forms, through circular / notification / enactment/ order, from time to time.

## **8. Mechanism on Internal Control**

(A) To ensure adequate and effective system of internal controls are in place in line with the PIT Regulations, following procedures shall be followed: -

- i. All employees who have access to UPSI are identified as designated persons;
- ii. All the UPSI shall be identified and its confidentiality shall be maintained as per the requirements of PIT regulations;
- iii. Adequate restrictions shall be placed on communication or procurement of UPSI as required under PIT Regulations;
- iv. List of all employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- v. All other relevant requirements specified under these regulations shall be complied with
- vi. Periodic process review to evaluate the effectiveness of such internal controls will be done.

The Audit Committee shall review compliance with the provisions of PIT Regulations and this Code at least once in a financial year and verify that the systems of internal controls are adequate and are operating effectively.

(B) Documents to be shared by Designated Persons with the Company

Every Designated Person shall disclose names, PAN or any other identifier authorized by law such as Aadhar/ Passport Copy, and the telephone/ mobile numbers of the following persons to the Company, on joining as well as on an annual basis and as and when information changes in prescribed form.

- i. Immediate relatives
- ii. Persons with whom such Designated Persons shares a material financial relationship

Further, names of educational institutions from which Designated Persons have graduated and names of past employers must be disclosed to the Company on a one-time basis.

For this Code, "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 from a designated person during immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person, but shall exclude relationships in which payment is based on arm's length transactions.

## **9. Protection to employees filing Voluntary Disclosure Form\***

An employee who files a voluntary information disclosure form in terms of Chapter IIIA of the PIT Regulations ("**Voluntary Information Disclosure Form**"), irrespective of whether the information is considered or rejected by

SEBI and irrespective of whether the employee is eligible for a reward in terms of Chapter IIIA of the PIT Regulations, shall not be discriminated, discharged, terminated, demoted, suspended, threatened, or harassed, for any of the following reasons:

- (i) filing a Voluntary Information Disclosure Form under PIT Regulations;
- (ii) testifying, participating, or otherwise assisting or aiding SEBI in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of insider trading laws or in any manner aiding the enforcement action taken by SEBI; or
- (iii) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement which are solely for preventing such employee from cooperating with SEBI in any manner.

Explanation- For the purpose of this clause, "Employee" means an individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under the PIT Regulations and is a director, regular or contractual employee, but does not include an advocate.

#### **10. Jurisdiction**

In the event of any dispute arising from the provision of the Code or its interpretation, the same shall be subject to the exclusive jurisdiction of the Courts at Navsari.

#### **11. Affirmation**

The Designated Person shall affirm to have read and fully understood their obligations and the obligations of their Immediate Relatives under the PIT Regulations and this Code and have undertaken to unconditionally abide by the same.

#### **12. Penalty for contravention of the Code**

The responsibility of complying with the provisions of the PIT Regulations and the Code shall be entirely on the Designated Persons of the Company including any violation by their Immediate Relatives.

Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

Designated Person who violates the Code of Conduct shall also be subject to disciplinary action by the Company, which would be determined by the Managing Director, based on the recommendations of a Committee set up for this purpose. The penalty may include wage freeze, suspension, recovery, ineligibility for future participation in employee stock option plans, etc. Amount collected due to contravention of the Code shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI.

The action taken by the Company shall not preclude SEBI from taking any action in case of violation of the Insider Trading Regulations.

*\*Inserted pursuant to the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019. Subsequent clauses in the Code of Conduct have been renumbered.*

13. In case it is observed by the Compliance Officer that there has been a violation of the PIT Regulations, Stock Exchanges shall be informed by the Company promptly in such form and manner as may be specified by SEBI from time to time.
14. In the event of any conflict between the provisions of this Policy and the Regulations or any other statutory enactments, then the provisions of such Regulations or any statutory enactments shall prevail over this.