

SHAKTI PUMPS (INDIA) LIMITED

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

1. Introduction:

The Securities and Exchange Board of India (“SEBI”) notified the SEBI Prohibition of Insider Trading Regulations (Amendment), 2018 on January 31, 2018, which is effective from 1st April 2019.

Pursuant to Regulation 9 of SEBI (Prohibition of Insider trading) Regulation, 2015 and amendment thereto, Shakti Pumps (India) Limited formulate a code of Conduct for prevention of insider trading.

2. Scope:

This Code of Conduct has been prepared by adopting the standards set out in Schedule B of the PIT Regulations as amended by the Amendment Regulations, in order to regulate, monitor and report trading by its designated persons, immediate relatives of designated persons and connected persons towards achieving compliance with the Regulations.

3. Applicability

This code shall be applicable to all the Promoter, member of the promoter group, Designated Employees, Specified persons, immediate relatives, Legitimate purpose and connected persons which includes (fiduciaries and intermediaries) of Shakti Pumps (India) Limited shall come in to effect from the date of listing of equity shares of the Company on a stock exchange in India subsequent to an Initial public offering of the equity shares of the Company.

4. Definitions:

- a. **“Company”** means Shakti Pumps (India) Limited
- b. **“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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified in these Regulations under the overall supervision of the Board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 – For the purpose of this regulation, “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.”

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c. “*Connected Person*” means:

- a. any person who is or has during the six months prior to the concerned act been associated with the 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 Promoter, director, designated officer or an designated 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.
- b. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall also be deemed to be connected persons unless the contrary is established:
 - a. an immediate relative and dependent 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 SEBI Act (‘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. banker of the company; or
 - j. a concern, firm, trust, Hindu Undivided Family, company or association of persons wherein a Director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

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- d. ***“Designated Persons”*** means:
- i. All Directors of the Company;
 - ii. KMP of the Company;
 - iii. All employees of Deputy General Manager cadre and above of the Company and its Material Subsidiaries;
 - iv. Executive Secretaries of the Directors/KMP;
 - v. All employees of the Finance & Accounts, Corporate Finance and Corporate Secretarial Department of the Company and its Material Subsidiaries;
 - vi. Auditors, Analysts, etc assisting or advising the Company and in possession of UPSI;
 - vii. Other persons as designated by the Compliance Officer of the Company in consultation with Audit Committee Chairman from time to time; and
 - viii. Immediate Relatives of persons covered under clause (i) to (vii) above.
- e. ***“Generally Available Information”*** means information that is accessible to the public on a non-discriminatory basis, such as information published on the website of the Stock Exchanges. “Generally Available” with respect to information shall be construed accordingly.
- f. ***“Insider”*** means any person who is:
- I. a connected person; or
 - II. in possession of or having access to unpublished price sensitive information;
- g. ***“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;
- h. ***“Insider Trading Regulations”*** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
- i. ***“Securities”*** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof.
- j. ***“Trading”*** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.
- k. ***“Trading day”*** means a day on which the recognized stock exchanges are open for trading;

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1. **"Unpublished Price Sensitive Information or UPSI"** means any information, relating to company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
 - (i) financial results;
 - (ii) dividends;
 - (iii) change in capital structure;
 - (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of Business and such other transactions;
 - (v) changes in key managerial personnel; and
 - (vi) material events in accordance with the Listing Regulation, as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations, Insider Trading Regulations or any other applicable law or regulation, amended from time to time.

5. Compliance Officer and his Role

Company Secretary of the Company shall act as the Compliance Officer for the purposes of this Code, who shall work subject to guidance of the Chairman and the Board of Directors.

The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee from time to time. The Compliance Officer shall assist all persons in addressing any clarifications regarding the Insider Trading Regulations and this Code.

6. Determination of designated persons:

The Board of Directors shall in consultation with the Compliance Officer of the Company, shall determine the list of Designated Persons on the basis of their role and function in the organization and the access that such role and function would provide to Unpublished Price Sensitive Information in addition to seniority and professional designation, who shall be covered by this code.

7. Communication or Procurement of UPSI

- i. No insider shall communicate, provide, or allow access to any UPSI relating to Company's securities, to any person including other insiders except where such communication is in **furtherance of legitimate purposes**, performance of duties or discharge of legal obligations.

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- ii. No person shall procure or cause the communication by any insider of UPSI, relating to Company's securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. Inducement and procurement of Unpublished Price Sensitive Information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.
- iii. Notwithstanding anything contained herein, UPSI may be 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 Company is of informed opinion that the **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 Company is of informed opinion that the **sharing of such information** is in the best interest of the Company and the information that constitutes UPSI 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 of Directors may determine to be adequate and fair to cover all relevant and material facts.

8. Trading in Company's Securities

No Insider shall trade in Company's Securities at any time when he/she is in possession of any unpublished price sensitive information. Such insider shall also maintain the confidentiality of all price sensitive information and shall not pass on such information to any person directly or indirectly by way of making recommendation for the purchase or sale of Company's Securities.

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

Further, trading in Company Securities when in possession of any unpublished price sensitive information, the insider may prove his innocence by demonstrating the circumstances including the following: –

- (i) The transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

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Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information."

- (ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre- determined in compliance with applicable regulations."
- (v) in the case of non-individual insiders: –
 - (a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
 - (b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- (vi) the trades were pursuant to a trading plan set up in accordance with regulation 5.

9. Trading Plan

- A. A Designated Person shall be entitle 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/her behalf in accordance with such plan.

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B. Trading Plan shall:

- i. not entail commencement of trading on behalf of the insider earlier than 06 months from the public disclosure of the plan;
- ii. not entail trading for the period between the 20th trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
- iii. entail trading for a period of not less than 12 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.

C. The Compliance Officer shall review the Trading Plan, made as above to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertaking as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. After assessing, she may approve the plan. However, she shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

D. 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.

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

F. Insider shall submit trading plan along with the declaration and application in annexure 1 to 3 or any other format specified by SEBI

10. Trading Window

A. The trading period i.e. the trading period of the stock exchanges, called 'trading window', is available for trading in the Company's securities.

B. The trading period during which Company's securities can be traded is called Trading Window. The trading window shall be closed during the time the price sensitive information is un-published.

C. When the trading window is closed, the Designated Persons (including their immediate relatives) shall not trade in Company's securities in such period.

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- D.** The trading window shall be, inter-alia closed at the time of:
- a. Declaration of Financial results;
 - b. Declaration of dividends (interim and final)
 - c. Change in capital structure
 - d. Mergers, de-mergers, acquisitions, delistings, disposals and expansion of business
 - e. Changes in key managerial personnel –
 - f. Such other time as the Compliance Officer determines that a designated person or class of designated person is reasonably expected to have possession of unpublished price sensitive information.
- E.** The Compliance Officer shall also close the Trading Window when he determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.
- F.** The Trading Window shall be opened 48 (Forty Eighty) hours after the unpublished price sensitive information becomes generally available.
- G.** The trading restriction period can also be made applicable from the end of every quarter till 48 hours after the declaration of financial results. The gap between clearance of accounts by Audit Committee and Board Meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.
- H.** The trading window shall also be applicable to any person having contractual or fiduciary relation with Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising Company.
- I.** The trading window restrictions shall not apply in respect of –
- (a) transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 of SEBI (Prohibition of Insider Trading) Regulations, 2015 and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board;
 - (b) transactions which are undertaken in accordance with respective regulations made by the Board 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 offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time

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- J.** All Designated Person of the Company and their immediate relative(s) 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 Trading Window is closed as referred above or during any other period as may be specified by the Managing Director / Compliance Officer / Chief Financial Officer from time to time.
- K.** The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than 48 (Forty Eight) hours after the information becomes generally available.

11. PRE-CLEARANCE OF TRADES

All Designated Persons who intend to trade in the securities of Company (either in their own name or in any immediate relative's name) i.e. buy or sell or gift securities and if the value of the securities likely to be traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs.10,00,000/- (Rupees Ten Lakh Only), should obtain pre-clearance for the said transactions by making an application to the Compliance Officer indicating the estimated number of units of securities that the designated person or immediate relative(s) intends to trade and also declare that the applicant is not in possession of unpublished price sensitive information.

An undertaking in executed in favour of the Company, forming part of the Application Form as mentioned hereinabove, shall be accompanied along with Application for Pre-Clearance.

No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

All Designated Persons and their immediate relatives shall execute their order in respect of securities within 7 (seven) days after the approval of pre-clearance is given .

Reporting of Transactions

Initial Disclosure

Every person, on being appointed as KMP or a director of the Company or upon becoming a promoter, 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 as format specified by SEBI.

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Continual Disclosure

- a. Every Promoter & Designated Person shall disclose 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. 10 lakhs in Form C as format specified by SEBI.
Provided however that the Designated Persons shall make disclosures to the Company even if the changes are within the abovementioned limits.
- b. The Company at its discretion, may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in order to monitor compliance with these regulations, in form D as format specified by SEBI.
- c. The disclosure shall be made within 2 trading days of the execution of the transaction.

Contra Trade:

All Designated Persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. In case of any 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 the SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

Penalty for Contravention

- i. Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).
- ii. 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.
- 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.

In case it is observed by the Listed entity that if there has been a violation of these regulations, it shall promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time

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Whistle Blowing in case of leak of Unpublished Price Sensitive Information (“UPSI”) Regulation 9 A of SEBI (Prohibition of Insider Trading Regulation Amendments 2018)

- I. Any instance of leak of UPSI should be on the basis of a direct first- hand experience of the Whistle Blower. It should not be based on any secondary, unreliable source such as grapevine or any other form of informal communication.
- II. The Whistle Blower may report leak of UPSI by an email to the Managing Director at his e-mail ID mentioning the subject line “LEAK OF UPSI”.
- III. On the basis of reporting, the Managing Director shall conduct examination about the genuineness of the reporting before conduct of inquiry.
- IV. The Managing Director as soon as ascertaining the genuineness of the reporting about leak of UPSI, intimate to Board of Directors and Audit Committee.
- V. The Company shall take further action based on the recommendations of Board of Directors and Audit Committee accordingly.
- VI. The instance of leak of UPSI made by the Whistle Blower must be genuine with adequate supporting data/proof. If it is established that the allegation was made with mala-fide intentions or was frivolous in nature or was not genuine, the Whistle Blower shall be subject to Disciplinary Action

Documents to be shared by Designated Person with Company

Designated person shall be required to disclose names and PAN or any other identifier authorized by law, of the following persons, to the Company, on an annual basis and as when the information changes:

- I. Immediate Relatives;
- II. Person with whom such designated person(s) share a material financial relationship; &
- III. Phone, mobile and cell number which are used by them.

In addition, the name 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 loan/gift during immediate preceding 12 months, equivalent to atleast 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

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Mechanism on Internal Control

For ensuring adequate and effective system of internal controls in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the following procedure shall be followed

A. Sharing of information pursuant to Legitimate Purpose

- i. Any person in receipt of Unpublished Price Sensitive information pursuant to legitimate purpose shall be considered Insider for the purpose of the Code.
- ii. Advance Notice shall be served on such person by way of email/ letter to maintain confidentiality while in possession of such Unpublished Price Sensitive information.
- iii. Such person has to ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and the Code.
- iv. A structured digital database is maintained containing the names of such persons or entities as the case may be with whom unpublished price sensitive information is shared, in the ordinary course of business, as per SEBI (Prohibition of Insider Trading) Regulations, 2015.

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ANNEXURE-1

TRADING PLAN

(Under Code of Conduct of the Company read with SEBI Insider Trading regulation, 2015)

To,
The Compliance Officer
M/s Shakti Pumps (India) Limited
Plot No.401,402,413 Sector III Industrial Area,
Pithampur Dist. Dhar(M.P.)

Dear Sir /Madam

Ref: DP's name:

DP ID:

CLIENT ID:

Name of insider:

Address:

Your approval is solicited for proposed Trading Plan for purchase & sale of securities of the Company in physical/demat form. I am furnishing details of trade to be made in six month after approval of the proposed trading plan:-

<i>Sl. No.</i>	<i>Nature of Trade</i>	<i>Number of Securities to be trade</i>	<i>Amount in Rs.</i>	<i>Time intervals between Two Trades</i>	<i>Date of propose trade</i>

1. I, confirm that I do not have any access to the unpublished price sensitive information and also have not received unpublished price sensitive information till today;
2. that in case I, have access to the price sensitive information or receives it after approving the trading plan I shall inform the change and refrain from dealing in securities till the information becomes public;
3. that I have not contravened the code of conduct for prevention of insider trading as notified by the Company.
4. that whatever is stated above is true and correct to the best of knowledge and nothing has been concealed.

Yours truly,

Signature Name.....

Designation.....

Employee Code no.....

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ANNEXURE-2

APPLICATION FOR PRE-CLEARANCE IN DEALING OF SECURITIES

Date:

**To,
The Compliance officer
Shakti Pumps (India) Limited
Add M/s Shakti Pumps (India)
Limited Plot No.401,402,413 Sector III
Industrial Area, Pithampur Dist. Dhar
(M.P.)**

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct, I/we seek your approval for purchase/sale/subscription of Securities of the Company as per details provided below:

1	Name of Designated Parson/Immediate Relatives	
2	Designation	
3	Number of Securities held as on date	
4	Folio No./DP ID/ Client ID No.	
5	The proposal is for	
6	Proposed date of dealing in securities	
7	Estimated Number of securities proposed to be acquired/subscribed/sold	
8	Price at with the transaction is proposed	
9	Current market price (as on date of application)	
10	Whether the proposed transaction will be through Stock Exchange or Off Market deal	
11	Folio No./DI ID/ Client ID No. where the securities will be credited/debited	

I enclosed herewith the form of Undertaking signed by me.

Thanking you

Name & Signature

SHAKTI PUMPS (INDIA) LIMITED

ANNEXURE-3

UNDERTAKING TO BE GIVEN BY THE DESIGNATED PERSON

Date:

To,
The Compliance Officer
Shakti Pumps (India) Limited
Add M/s **Shakti Pumps (India) Limited**
Plot No.401,402,413 Sector III
Industrial Area, Pithampur Dist.
Dhar(M.P.)

Dear Sir,

I,, one of the Promoter /Designated person of the Company presently having its address atare desirous of dealing inSecurities of the Company as mention in application dated for pre clearance of the transaction. I,..... hereby undertake on behalf of designated person that: -

- a. I/we do not have any access and neither have received any Unpublished Price Sensitive Information of the Company.
- b. In case I/we have access to and/or receive “Unpublished Price Sensitive Information” after the signing of this Undertaking but before execution of the transaction I shall inform the Compliance Officer of the change in my position and that I/we would completely refrain from dealing in the Securities of the Company till the time such information becomes public.
- c. I/we undertake to submit the necessary report within two day of execution of the transaction/ a ‘NIL’ report if the transaction is not undertaken.
- d. If approval is granted, I shall execute the deal within seven days of the receipt of approval failing which I/we shall seek pre-clearance.
- e. I/we have made full and true disclosure in the matter.

Thanking you,

Name & Signature