

CODE OF INTERNAL PROCEDURE & CONDUCT  
AND CODE OF CORPORATE DISCLOSURE PRACTICES AS  
ENVISAGED UNDER THE SEBI (PROHIBITION OF INSIDER TRADING)  
REGULATIONS, 1992 AS AMENDED BY THE NOTIFICATION DATED 20<sup>TH</sup> FEB.,2002

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1. This Code of Conduct will be known as "SHILPA ANITBIOTICS LIMITED Code of Conduct for Prohibition of Insider Trading" (Code) made pursuant to Regulation-12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended.

**PART - I**

Code of internal procedure and conduct for Directors/Officers/Designated Employees

2. Definitions-

(A) As per the Regulations-

- (a) " Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992)
- (b) "body corporate" means a body corporate as defined under section 2 of the Companies Act, 1956 (1 of 1956)
- (c) "connected person" means any person who-
  - (i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956) of company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act: or
  - (ii) occupies the position as an officer or an employee of the Company or holds a position involving a professional or business relationship between himself and the Company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that Company:

Explanation:- For the purpose of clause (c) the words "connected person" shall include any person who is a connected person six months prior to an act of insider trading.

- (d) Person is deemed to be a connected person: if such person

- (i) is a company under the same management or group or any subsidiary company thereof within the meaning of sub-section (IB) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be;
  - (ii) is an intermediary as specified in Section 12 of the Act, Investment Company, Trustee Company, Asset Management Company or an employee or director thereof or an official of a Stock Exchange or of Clearing House or Corporation;
  - (iii) is a merchant banker, share transfer agent, registrar to and issue, debenture trustee, broker, portfolio manager, investment Advisor, sub-broker, Investment Company or and employee thereof, of, is a member of the 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 who have a fiduciary relationship with the Company;
  - (iv) is a member of the Board of Directors, or an employee of a public financial institution as defined in section 4A of the Companies Act, 1956;
  - (v) is an official or employee of a self regulatory organisation recognised or authorised by the Board of a regulatory body;
  - (vi) is a relative of any of the above mentioned persons;
  - (vii) is a banker of the Company;
  - (viii) Relatives of the connected person as defined under Clause 2 (A)(c) above;
  - (ix) A Concern, Firm, Trust, HUF, Company, Association of Persons wherein the relatives or persons mentioned in sub-clause (vi), (vii) and (viii) has more than 10% of the holding or interest.
- (e) "insider" means any person who, is or was connected with the company or is deemed to have been connected with the Company, and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or who has received or has had access to such unpublished price sensitive information;

- (f) "investigating authority" means any officer of the Securities & Exchange Board of India (SEBI) hereinafter referred to as
- (g) " Board" or any other person, not being a firm, body corporate or an association of person, having experience in dealing with the problems relating to the securities market and who is authorised by the Board under Chapter III;
- (h) "officer of a company" means any person as defined in sub-section (30) of section 2 of the Companies Act, 1956 including an auditor of the company.

Sub-section (30) of section 2 of the Companies Act, 1956 defines an "Officer" as including any Director, Manager or Secretary or any person in accordance with whose directions or instructions, the Board of Directors, or any one of more of the Directors is or are accustomed to act.

- (i) "dealing in securities" means any act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent;
- (j) Price Sensitive Information;

"Price Sensitive Information" means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of the company;

Explanation - The following shall be deemed to be price sensitive information:-

- (i) Periodical 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 execution of new projects.
- (v) Amalgamation or mergers or take-overs.
- (vi) Disposal of the whole or substantial part of the undertaking.
- (vii) Any significant changes in policies, plans or operations of the Company.

- (k) Stock Exchange

"Stock Exchange" means a stock exchange which is recognised by the Central Government or SEBI under section 4 of Securities Contracts (Regulations) Act, 1956 (42 of 1956)

- (l) Unpublished

"Unpublished" means information which is not published by the Company or its Agents and is not specific in nature.

Explanation: Speculative Reports in print or electronic media shall not be considered as published information.

(B) Definitions - For the purpose of this Code -

- (a) Regulations means the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended.
- (b) Company - means SHILPA ANTIBIOTICS LIMITED.
- (c) Board of Directors means the Board of Directors of the Shilpa Antibiotics Limited.
- (d) "Compliance Officer" means - The Officer appointed by the Board of Directors of the Company for the purpose of this Code from time to time.
- (e) Designated Employees means - Unit/ Department Heads, of the Company and such other Employees who may be so designated from time to time by the Compliance Officer for the purpose of this Code and who may be able to have access to any price sensitive information as defined in the Regulations.
- (f) Relatives -

The following will be treated as Relatives of Directors/ Officers/ Designated Employees (Pursuant to Clause 5-1 of Schedule I of the Regulations):-

- (a) Self & Spouse
- (b) Dependent Children
- (c) Dependent Parents
- (d) Dependent Brothers and Sisters.
- (g) Trading Window - means trading period for dealing in Company's Securities as specified by the Company.
- (h) Securities will means Equity (Ordinary) Shares or such other security of the Company having voting rights.

3. Mr. Ramesh Chandak, Accountant of the Company will be the responsible for the purpose of this code for the time being.

4. This code will be applicable to Directors/Officers/Designated employees and their relatives as defined herein.

5. Restrictions on Designated Persons -

- (i) No Director/Officer/Designated Employee shall pass on any price sensitive information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company.
- (ii) No Director/Officer/Designated Employee shall communicate any unpublished price sensitive information to any person except those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- (iii) No Director/Officer/Designated Employee shall communicate or counsel any un-published price sensitive information to any person and who while in possession of such unpublished price sensitive information shall not deal in the securities of the Company.

6. Requirements

(i) All Directors/Officers/Designated Employees will have to forward the following details of their securities including that of their Relatives (as defined in this Code) to the Compliance Officer:-

- (a) Details of securities held in the Company by the person concerned at the time of joining and others within a period of One Month from the date when this Code is enforced.
- (b) Monthly Statement of transactions in securities of the Company where total transactions exceeds 5000 shares in the case of Directors and 2000 shares in case of others in a month.

If there is no transaction in a particular month, then "NIL" statement is not required to be submitted.

- (c) Annual Statement of holdings in the Securities of the Company within 30 days of the Close of Financial Year.

(ii) The Compliance Officer will make a report to the Board of Directors at meetings of the Board provided there are reportable transactions.

- (iii) All Directors/Officers/Designated Employees will have to keep the files containing confidential information relating to price sensitive information fully secured. Computer files must be kept with adequate security of login and password etc.

7. Procedure and restriction for trading in the Securities of the Company: -

The Director/Officer/Designated Employees shall be subject to trading restrictions in the following manner: -

(A) Trading Window

The Trading Window will be closed before 10 days of the happening of the following events and shall remain closed up to 2 days after the publication of the price sensitive information. Trading window may be further closed by the Company during such time in addition to the above period as it may deem fit from time to time.

- (a) Declaration of Financial Results (Quarterly, Half Yearly and Annual)
- (b) Declaration of Dividends (interim and final)
- (c) Issue of Securities by way of public/rights/bonus issue etc.
- (d) Any major expansion plan or execution of new projects.
- (e) Amalgamation, mergers, takeovers and buy back.
- (f) Disposal of whole or substantially the whole of the undertaking
- (g) Any changes in policies, plans or operations of the Company

(B) Restriction on Trading -

No Director/Officer/Designated Employee shall conduct any dealing in the securities of the Company during the closure of the Trading Window.

(C) Pre-clearance of Trades when Trading Window is open:

All Directors/Officers/Designated Employees of the Company intending to deal in the securities of the Company up to the limit fixed by the Board (as on today 5000 shares for Directors and 2000 shares for others in one calendar month) may do so without any clearance from the Compliance Officer. In other cases, they should follow the following procedure:-

- (1) Make an application to the Compliance Officer in the prescribed Form (as per draft enclosed) for pre-clearance of the transaction after the same exceeds the above threshold limit.
- (2) Only after receiving the clearance, the transaction can be carried out.

- (3) The execution of the order in respect of the security of the Company will have to be completed within one week of approval of pre-clearance failing which it will be required to be cleared again.
- (4) The investment in securities will have to be held for a minimum of 30 days from the date of purchase/actual allotment.
- (5) In case of personal emergency the 30 days holding period may be waived by the Compliance Officer after recording his reasons in this regard.

**PENALITY:**

- 8 Directors/Officers/Designated Employees who trade in securities or communicate any information for trading in securities in contravention of the Code of Conduct prescribed by the Company may be penalised and appropriate action may be taken against them by the Company after giving reasonable opportunity to them to explain their stand in the matter. They shall also be subject to disciplinary action including wage freeze, suspension, in-eligibility for future participation in ESOPs. (Employees Stock Option Plans) etc.
- 9 In addition to the action taken by the Company the persons violating these Regulations will also be subject to action by SEBI as per SEBI Act. In case of any violation, the Company shall inform the SEBI about the matter.
- 10 The Board of Directors of the Company shall have power to suitably modify or replace this Code in part or full as may be thought fit by them from time to time.

**PART II**

**Code of Corporate disclosure practices for prevention of Insider Trading:**

- 11 Following norms shall be followed by the Company to ensure timely and adequate disclosure of price sensitive information:-
  - (a) Prompt disclosure of price sensitive information to Stock Exchanges on immediate basis and continual basis.
  - (b) Improvements in investor access to public announcements in addition to release of information to Stock Exchanges.
  - (c) Company has designated the Compliance Officer to Oversee Corporate disclosure.
  - (d) Compliance Officer will ensure that the Company complies with continuous disclosure requirements. He will co-ordinate disclosure of price sensitive information to Stock Exchanges, Analysts, Shareholders and media which will be approved by him in advance.

- (e) The Compliance Officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying any news for effectively responding to market rumours.
- (f) The Company will make timely and adequate disclosure of shareholding/changes in ownership/ownership by major shareholders under these Regulations/Listing Agreement to the Stock Exchanges.
- (g) Following guidelines will be adopted by the Company while dealing with Analysts/Institutional investors:-
  - (1) The Company will provide only public information to analysts/ Research persons/ large investors/ Institutions.
  - (2) At least two officers of the Company will be present at the meetings with Analysts, Brokers, Institutional Investors and the discussions with them will be recorded to avoid misquoting or misrepresenting.
  - (3) Questions outside the intended scope of discussions by the Analysts will not be answered normally but the same may be taken on notice and a considerable response given later.
  - (4) Whenever the Company will organise meetings with analysts it will normally be followed by a press release and the same information will also be posted on the website of the Company. This will be simultaneously sent to the Stock Exchanges.
  - (5) The information filed by the Company with the Stock Exchanges will also be made available on the website of the Company

12 This Code was duly approved by the Board of the Company in its meeting held on 31<sup>st</sup> May 2002 and the Code shall be effective from 1<sup>st</sup> August 2002.

(Form for permission from the Company regarding  
proposed purchase/sale of  
equity shares/listed securities of the Company)

Date:

The Compliance Officer  
Shilpa Antibiotics Limited  
10/80, 1<sup>st</sup> Floor, Rajendra Gunj  
**RAICHUR - 584 102**

Dear Sir,

I, Mr./Mrs. \_\_\_\_\_ jointly with Mr./Mrs.  
\_\_\_\_\_ and Mr./Mrs.  
\_\_\_\_\_ want to purchase/sell \_\_\_\_\_ equity shares/listed  
securities of the Company. Please grant your permission for the same.

I undertake that I will hold such equity shares/listed securities for a minimum period of  
30 days from the date of purchase.

I further undertake that in case of non-execution of transaction by me within 7 days  
from the date of permission for purchase/sale, I will again take the permission for the  
same.

Thanking you,

Yours faithfully,

Name of Employee :  
Dept./Unit :  
Employee No. :

**NOTE:** Permission should be obtained in case of purchase/sale of equity shares  
exceeding 2000 by the Designated Officers/Employees and in case of Directors 5000 in  
one calendar month.

**Designated Officers/Employees**

1. All the Directors
2. All the Unit Heads
3. Company Secretary
4. All the Department Heads
5. All the Officers/ Employees of Accounts/ Finance Department