



SOLARA ACTIVE PHARMA SCIENCES LIMITED

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING, AND TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

**SOLARA - CODE OF CONDUCT FOR
PROHIBITION OF INSIDER TRADING AND TO REGULATE, MONITOR AND REPORT TRADING BY
DESIGNATED PERSONS**

1. INTRODUCTION

The Board of Directors of the Company has adopted the amended policy for prevention of Insider Trading titled “Solara – Code of Conduct for Prohibition of Insider Trading and to Regulate, Monitor and Report Trading by Designated Persons”, which shall come into effect on April 1, 2019. This Code lays down the governance for dealing with UPSI and trading by the Company, Designated Persons and immediate relatives of Designated Persons.

The Code has been adopted in accordance with the terms of Regulation 9 (1) read with Schedule B of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations) 2015, as amended from time to time (“**Regulations**”).

2. APPLICABILITY

This Code shall be applicable to Designated Persons and the Immediate Relatives of the Designated Persons defined herein.

3. GENERAL PRINCIPLES

The underlying principles in defining the Code:

- Ensure confidentiality of all UPSI, its business and affairs and make no use of the UPSI for personal interest.
- Ensure UPSI is disseminated as required under the Regulations.
- Determine the Designated Persons to be covered by the Code.
- To ensure handling of UPSI on need to know basis.
- Ensure compliance of all applicable laws and regulations including Company’s internal policies.

4. DEFINITIONS

- 1) “**Act**” means the Securities and Exchange Board of India Act, 1992, as may be amended from time to time.
- 2) “**Audit Committee**” means the audit committee of the Company.
- 3) “**Board**” means Board of Directors of the Company.

- 4) **"Code"** means this Code of Conduct for Prohibition of Insider Trading and to Regulate, Monitor and Report Trading by Designated Persons in the Securities, as amended by the Board from time to time.
- 5) **"Company"** means Solara Active Pharma Sciences Limited
- 6) **"Compliance Officer"** means Company Secretary of the Company.
- 7) **"Connected Person"** shall have the meaning ascribed to it under Regulation 2(d) of the Regulations.
- 8) **"Designated Persons"** shall include the following:
 - a) Promoters of the Company;
 - b) Directors of the Company;
 - c) Employees of the Company in the cadre of Vice Presidents & above;
 - d) Employees associated with Managing Director and CEO's office;
 - e) Employees of Central Finance (excluding Shared Services), Secretarial and Legal Departments;
 - f) Employees of Corporate Action/ Project Specific Teams;
 - g) CEO and employees up to two levels below the CEO;
 - h) Employees that fall in the purview of 8(c) to 8(g) in relation to the Material Subsidiaries they are employed with;
 - i) any other employee designated by the Board in consultation with the Compliance Officer, either for a specific period of time or for an indefinite period of time, based on such person's role, function, designation and seniority in the Company and the extent to which such person may have access to UPSI; and
 - j) any support staff which may have access to UPSI.
- 9) **"Director"** means any director on the Board.
- 10) **"Employee"** means every employee of the Company, including the Directors that are employed with Company.
- 11) **"Generally Available"** shall have the meaning ascribed to it under the Regulations;
- 12) **"Immediate Relatives"** means with, with relation to any person, 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 (as set forth in Annexure - C).
- 13) **"Insider"** shall have the meaning ascribed to it under the Regulations.
- 14) **"Legitimate Purpose"** shall have the meaning assigned to it in the Code of Fair Disclosure and Conduct of the Company.
- 15) **"Promoter"** shall have the meaning ascribed to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

- 16) **"Securities"** in relation to the Company, shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956).
- 17) **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- 18) **"Trading"** means and includes an act of subscribing to, buying, selling, dealing or agreeing to subscribe to, buy, sell or deal in Securities of the Company and "trade" shall be construed accordingly.
- 19) **"Trading Day"** means a day on which the recognized stock exchanges are open for trading.
- 20) **"Trading Plan"** means the plan set-up in accordance with Clause 5 of the Regulations.
- 21) **"Trading Window"** means a trading period determined by the Compliance Officer, during which Designated Persons are permitted to Trade.
- 22) **"Unpublished Price Sensitive Information"** or **"UPSI"** means any information which relates directly or indirectly to the Company or its Securities that is not Generally Available and which upon becoming Generally Available, is likely to materially affect the price of Securities of the Company. Following shall be deemed to be Unpublished Price Sensitive Information but does not limit to below:
 - financial results;
 - dividends;
 - change in capital structure;
 - mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions; and
 - changes in key managerial personnel.

5. COMPLIANCE OFFICER – APPOINTMENT AND DUTIES

- 5.1 The Board has appointed the [Company Secretary] as the Compliance Officer to ensure compliance with and for effective implementation of the Regulations, as well as this Code, across the Company.
- 5.2 The Compliance Officer shall report to the Board of the Company and shall provide reports to the chairman of the Audit Committee, at such frequency as determined by the Board.
- 5.3 The Compliance Officer shall maintain a record (either manual or in electronic form) of the Designated Persons and their Immediate Relatives and changes thereto from time-to-time.
- 5.4 Responsibilities. It shall be the responsibility of the Compliance Officer to, *inter alia*:
 - (a) set forth policies and procedures for monitoring adherence to the PIT Regulations and this Code, for the preservation of UPSI;
 - (b) address any clarifications sought by any Designated Person / their Immediate Relatives regarding the PIT Regulations and the Code;

- (c) maintain a list of Designated Persons and their Immediate Relatives;
- (d) ensure adherence to the PIT Regulations and this Code while determining pre-clearance of Designated Persons' or their Immediate Relatives' trades, monitoring of trades, and implementation of the Code;
- (e) designate any other officer of the Company, from time to time, to fulfil responsibilities prescribed under this PIT Code during his/her absence.

In furtherance of its responsibilities, the Compliance Officer may in consultation with the [Chief Executive Officer of the Company], determine and include such other Connected Persons or class of Connected Persons, including their Immediate Relatives, from time to time, to whom the restrictions on trading in Securities will apply. However, due regard shall be given to the access by such Connected Person or class of Connected Persons to UPSI of Listed Companies.

5.5 **Publication of the Code.** This Code will be made available on the intranet/ web-portal of the Company, and all Directors of the Board and employees of the Company will be informed of the same and will also be instructed to review the Code. All the Designated Persons will be presumed to have read and understood the Code and their obligations thereunder. Upon the Code coming into effect, each Director / employee shall conform to the stipulations and obligations under the Code, in the interest of maintaining highest standards of corporate governance and ethics.

6. REPORTING REQUIREMENT FOR DESIGNATED PERSONS AND THEIR IMMEDIATE RELATIVES TO INVEST IN COMPANY'S SHARES

- 6.1 Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter/ Designated Person shall disclose his holding of the Securities (along with the holding of his Immediate Relatives) of the Company as on the date of appointment or becoming a Promoter/ Designated Person to the Company within 7 days of such appointment or becoming a Promoter/ Designated Person in the prescribed form.
- 6.2 Every other Designated Person shall file a declaration with the Compliance Officer providing the names of Immediate Relatives within the meaning of this Code along with their shareholdings as on the date of appointment as Designated Person of the Company within 15 days of such appointment in prescribed format (**Annexure A**).

Continual Disclosures

- 6.3 Every Promoter, Employee and Director shall disclose to the Company the number of such securities acquired/ disposed, by them or by any of their Immediate Relatives, of within 2 (two) trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transaction over any calendar quarter aggregates to a traded value in excess of Rs. 10 lakhs.
- 6.4 Each Designated Person on an annual basis will update the holding details of self and his/her Immediate Relatives within 15 days of 31st March each year in the prescribed format (**Annexure A**).

6.5 The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the directors / officers / designated persons for a minimum period of three years.

Disclosures by other connected persons

6.6 The Compliance Officer may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company in the prescribed format and at such frequency as may be determined by the Company in order to monitor compliance with these Regulations.

Disclosure by Designated Persons

6.7 Every Designated Person shall disclose the names and permanent account number, or any other identifier authorized by law where permanent account number is not available, of the following persons, to the Company, on annual basis or when the information changes:

- (a) Immediate Relatives;
- (b) persons with whom such Designated Person(s) shares a material financial relationship; and
- (c) phone numbers and mobile numbers of such persons mentioned in (a) and (b) above.

“material financial relationship” means a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding 12 (twelve) months, equivalent to at least 25% (twenty-five percent) of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

6.8 Every Designated Person shall disclose to the Company:

- (a) their permanent account number;
- (b) names of educational institutions from which they have graduated; and
- (c) names of their past employers.

7. PRESERVATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

7.1 All Designated Persons shall maintain confidentiality of all UPSI. They shall, while in possession of any UPSI, neither Trade on the basis of UPSI nor communicate such UPSI to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities. They shall not do the following actions:

- (a) Communicate, provide or allow access of Unpublished Price Sensitive Information to any person directly or indirectly, including by way of making a recommendation for Trading unless such communication is in furtherance of Legitimate Purposes, performance of duties or discharge of legal obligations;

- (b) Discuss UPSI in public places;
- (c) Disclose UPSI to any Employee who does not need to know the information for discharging his or her duties;
- (d) Recommend to anyone that they may undertake Trading while being in possession, control or knowledge of the UPSI; and
- (e) Trade while in possession of Unpublished Price Sensitive Information.

7.2 Need to Know Basis: Unpublished Price Sensitive Information is to be handled on a “need to know” basis, i.e., should be disclosed only to those within and outside the Company who need to know such information to discharge their duty, in furtherance of a Legitimate Purpose and whose possession of such information will not give rise to a conflict of interest or appearance of misuse thereof.

7.3 No person shall procure from or cause the communication by any Insider of UPSI relating to the Securities except in furtherance of Legitimate Purpose.

7.4 Limited access to confidential information: Files containing UPSI shall be kept secure. Computer files must have adequate security of login and password. Without prejudice to the above, employees shall follow such guidelines for maintenance of electronic records and systems as may be prescribed by the Compliance Officer from time to time.

7.5 UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would fulfil the following conditions:

- (a) entail an obligation to make an open offer under the Takeover Regulations where the Board is of the 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 where the Board is of informed opinion that the sharing of such information is in the best interests of the Company and the 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 may determine to be adequate and fair to cover all relevant and material facts.

7.6 The Board shall require the parties receiving UPSI to execute such agreements confidentiality and non-disclosure agreement to ensure that such parties shall keep information so received confidential, except for the limited purpose as mentioned in Clause 7.5 above, and shall not Trade when in possession of UPSI.

7.7 The Board or any officer authorized by the Board shall maintain a structured digital database of all such persons with whom UPSI is shared, along with their Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal

controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

- 7.8 The Board shall ensure that 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.

8. CHINESE WALL PROCEDURES

8.1 To prevent the misuse of Unpublished Price Sensitive Information, the Company shall adopt a Chinese Wall system in which departments which routinely have access to Unpublished Price Sensitive Information (“inside areas”) shall be separated from departments dealing in sales/marketing, or any other such department which does not require access to UPSI in order to carry out their functions (“public areas”).

8.2 The following shall act as a guideline in the implementation of a Chinese Walls policy:

- (a) The Employees in the inside areas are not allowed to communicate any to UPSI to anyone in the public areas;
- (b) The Employees in the inside areas may be physically separated from the Employees in public areas;
- (c) Employees from the public areas may be ‘brought over the wall’ and allowed the possession of UPSI only in exceptional circumstances and on a strict ‘need to know’ basis for Legitimate Purpose, as per the intimation and under the supervision of the Compliance Officer.

9. TRADING RESTRICTIONS

All Designated Persons of the Company shall be subject to trading restrictions in the following manner:

9.1 *Trading Window*

The Trading Window shall be closed during the time when the Compliance Officer determines that the Designated Persons can reasonably be expected to have possession of UPSI. Designated Persons and their Immediate Relatives shall not Trade when the Trading Window is closed.

The timing for re-opening of the Trading Window shall be determined by the Compliance Officer taking into account various factors including the UPSI in question becoming Generally Available and being capable of assimilation by the market, which in any event shall not be earlier than 48 (forty-eight) hours after the information becomes Generally Available. Trading Window can also be closed from the end of every quarter till 48 hours after the declaration of financial results.

All Designated Persons shall conduct all their dealings in the Securities only when the Trading Window is open and no Designated Person or their Immediate Relative shall deal in the

Securities during the period when the Trading Window is closed or during any other period as may be specified by the Compliance Officer from time to time.

9.2 Pre-clearance of Trade

All Designated Persons of the Company intending to Trade, when the Trading Window is open, shall seek pre-clearance in the prescribed form (**Annexure B**) from the Compliance Officer, if the value of the proposed Trade is above such thresholds as the Board may stipulate (and in the absence of a specific stipulation, for any Trade in respect of the Securities). Such pre-clearance shall be valid for a period of 7 days from the date of approval.

Prior to approving any Trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant Designated Person is not in possession of any UPSI. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

If a transaction is not executed within the approval period of 7 (seven) days, Designated Person(s) (as the case may be) must apply to the Compliance Officer for a fresh pre clearance of the transaction, if they intend to transact again.

Upon completion of the proposed transaction, the Designated Person shall, within 2 (two) days of completion, communicate all the details of the said transaction in writing to the Compliance Officer.

When such transactions reported by the Designated Persons crosses the thresholds prescribed under the Regulations, the Company shall intimate the same to the stock exchanges as required under the Regulations.

9.3 Restriction on opposite transactions

Designated Person are restricted from entering into opposite transactions (contra trade) i.e., sell or buy any number of shares during next six months following the prior transaction. Provided that such restriction requirement shall not be applicable for Trades pursuant to exercise of stock options.

Explanation: if a Designated Person has bought shares of the company, he can continue to buy the shares (when the Trading Window is open and subject to Pre-clearance) but cannot sell any number of shares for a period of 6 months from the last date when he bought the shares. Similarly if he sells the shares of the company, he can continue to sell any number of shares but cannot buy any shares for a period of 6 months from the last date when he sold the shares.

In case of an emergency, the 6 months holding period may be waived by the Compliance Officer after recording in writing the reasons in this regard and that the relaxation does not violate the Regulations.

Notwithstanding the above, should the Designated Persons execute an opposite transaction, inadvertently or otherwise, in violation of the restrictions set out above, without prejudice to any other action against such Designated Person under law, 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.

9.4 Restrictions on Derivative Transactions

Designated Persons of the Company shall not take positions in derivative transactions in the shares of the Company at any time.

9.5 Obligations of Immediate Relatives

Where a Trade is sought to be undertaken by an Immediate Relative of a Designated Person, it shall be the responsibility of the Designated Person to ensure that such Immediate Relative complies with the provisions of this Code (including this Paragraph 9). For this purpose, it is hereby clarified that the provisions of this Paragraph 9 which are applicable to the Designated Person, shall apply *mutatis mutandis* to such Immediate Relative seeking to undertake a proposed Trade, and the Designated Person shall undertake all actions specified under this Paragraph 9 on behalf of the Immediate Relative.

9.6 Exclusions

Trading in the following instruments would not require prior approval of the Compliance Officer:

- all types of mutual funds
- all types of exchange traded funds
- gold
- commodities futures and options
- currencies futures and options
- insurance & tax saving products

10. TRADING PLAN

Designated Persons who wish to trade in Securities may formulate a trading plan as prescribed under the Regulations.

The Trading Plan so formulated shall be presented to the Compliance Officer and for public disclosure. It shall adhere to the following terms:

- (a) It shall not entail commencement of trading on behalf of the Insider earlier than six (6) months from the public disclosure of the Trading Plan;
- (b) It shall not entail trading for the period between the twentieth (20th) Trading Day prior to the last day of any financial period for which quarterly results or annual result are required to be announced by the Company and the second (2nd) Trading Day after the disclosure of such financial results;
- (c) The Trading Plan shall entail trading for a period of not less than twelve months;
- (d) It shall not entail overlap of any period for which another Trading Plan is already in existence;

- (e) It shall not entail trading in the Securities for market abuse;
- (f) It may set out either the value of trades to be effected or the number of the Securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected.

The Compliance Officer shall review the Trading Plan to assess whether such plan would have any potential for violation of the 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. Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with 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. However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the plan, the Insider 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.

Upon approval of the Trading Plan, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities are listed.

11. POWERS TO INVESTIGATE OFFENCES

In relation to any offences by Designated Persons, the Compliance Officer shall have the power to:

- (a) Serve a notice on the Designated Person. Provided that, if the Board is of the opinion that it is necessary in the interest of the Company, it can initiate such proceedings without serving any notice.
- (b) Investigate such records and documents in his/ her possession or in the possession of the Company.
- (c) If any action is taken against the Designated Person, record reasons for the same in writing.

12. PENALTY FOR CONTRAVENTION

Every Designated Person shall be individually responsible for complying with the applicable provisions of this Code (including to the extent the provisions hereof are applicable to their Immediate Relatives).

Any contravention of the Code shall, in addition to being penalised in accordance with the law, also be subject to disciplinary action which in respect of an Employee may include wage freeze,

suspension, recovery, clawback, or termination of employment, or any other measure deemed appropriate by the Board.

Action taken by the Company for violation of the Regulations or this Code against any person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations. Penalties for contravention of provisions of the Regulations may be leviable by SEBI as per the Act and the rules/ regulations thereunder.

In the event that a violation of the Regulations by any person has been identified by the Compliance Officer, he/ she shall forthwith inform the Board of the Company about the violation. The penal action will be initiated by the Compliance Officer on obtaining suitable directions from the Audit Committee. The Compliance Officer shall simultaneously inform SEBI about such violation. The person, against whom information has been furnished by the Company/Compliance Officer to SEBI for violations of the Regulations/Code, shall provide all information and render necessary co-operation as may be required by the Company, Compliance Officer or SEBI in this connection.

13. POWER OF THE BOARD / COMPLIANCE OFFICER TO EFFECT MODIFICATIONS TO THESE RULES

The Board / Compliance Officer may amend, abrogate, modify or revise any or all clauses of this Code in accordance with the applicable provisions of the Regulations, and all other applicable laws from time to time.

14. CAUTION

All Designated Persons are hereby requested in their own interest not to trade in the shares of the Company without prior clearance of the Compliance Officer. In case of any difficulty in understanding this Code all Designated Persons should contact the Compliance Officer/ Company Secretary.



Annexure A

(To be furnished by the Designated Employee to the Compliance Officer furnishing details of Self and Immediate Relatives upon appointment and on an yearly basis)

1. Name of Designated Employee:
 - a) Designation :
 - b) Address (Official) :
 - c) DP ID : Client ID : PAN
 - d) No. of Shares :
2. Name of Spouse :
 - DP ID : Client ID : PAN
 - No. of Shares :
3. Name of Immediate Relative :
 - Relationship :
 - DP ID : Client ID : PAN
 - No. of Shares :
4. Name of Immediate Relative :
 - Relationship :
 - DP ID : Client ID : PAN
 - No. of Shares :
5. Name of Immediate Relative :
 - Relationship :
 - DP ID : Client ID : PAN
 - No. of Shares :

Signature : _____

Date :

Note: Immediate Relative as defined under the SEBI Prohibition of Insider Trading Code includes Spouse of the Designated Person. Further parents, sibling and children of the Designated Person and his/ her Spouse are included only if they are financially dependent on the Designated Person or consults him/ her for trading decisions. Please provide your disclosure accordingly.

Annexure B

Pre-clearance Form
(To be furnished to the Compliance Officer for Pre-clearance)
(Valid for a period of 7 days from the date of approval)

I Mr. _____ s/o. _____ residing at
_____ designated as _____ wish to deal in
the shares of the Company in my own name, for which I furnish the following particulars:-

- a) Number of shares intended to be purchased:
- b) Number of shares intended to be sold:
- c) DP Id : _____ Client Id : _____

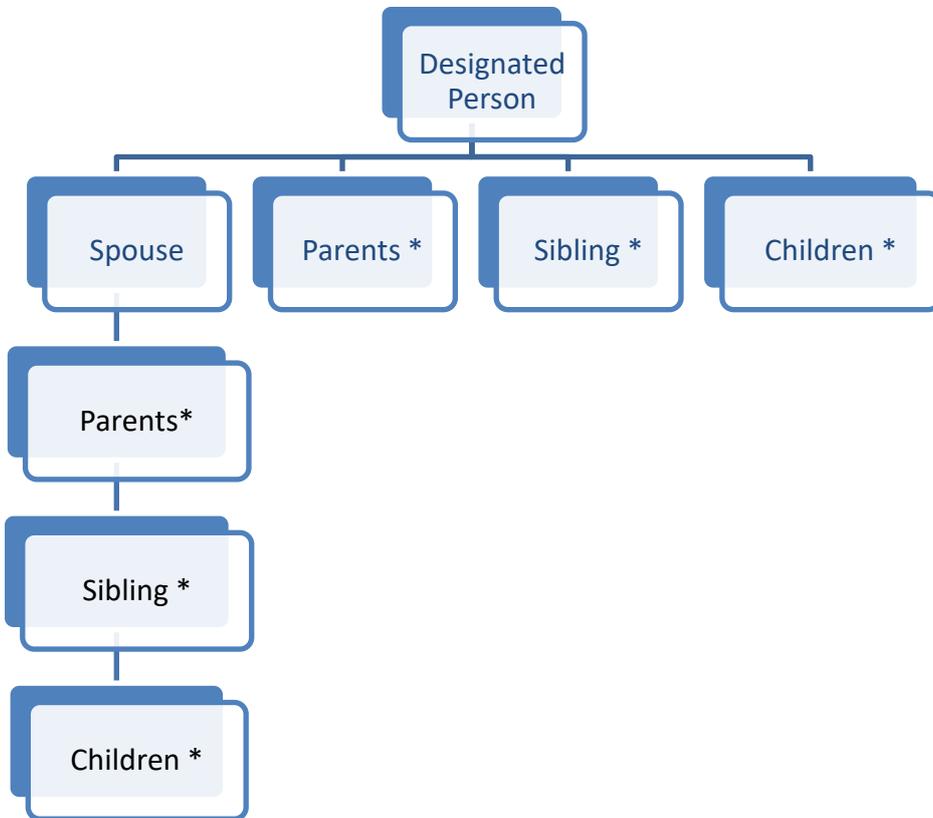
I also declare that:

- a) That I do not have any access to nor have I received unpublished price sensitive information upto the time of signing this undertaking.
- b) That in the event of receipt of such unpublished price sensitive information after signing this undertaking but before the execution of the transaction I will inform the Compliance Officer of the change and will refrain from dealing till such information is made public.
- c) That I have not contravened the code of conduct for prevention of SEBI (Prohibition of Insider Trading Regulations), 2015 and the Code as framed by the Company.
- d) That I have made a full and true disclosure in the matter.
- e) That unless previously approved by the Compliance officer, I will not sell the securities within 6 months of such acquisition.

DATE:
PLACE:

.....
NAME
DESIGNATION

ANNEXURE C
IMMEDIATE RELATIVES



*** Will be considered as immediate relatives only if financially dependent on the Designated Person OR consults the Designated Person for trading in securities**