

INSIDER TRADING POLICY

AND

**POLICY FOR ACTION ON VIOLATION OF CODE OF CONDUCT
OF INSIDER TRADING BY**

DESIGNATED PARTNERS

of

LORENZINI APPARELS LIMITED

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INTRODUCTION

The Securities and Exchange Board of India (“SEBI”) had promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations” or “Regulations”) on January 15, 2015, amended from time to time. The objective of the Regulations is to prevent Insider Trading by prohibiting dealing, communicating, counselling, or procuring Unpublished Price Sensitive Information (UPSI). In accordance with the Regulations, this Code of Conduct for Prevention of Insider Trading (“PIT Code”) has been adopted by the Board of Directors of Lorenzini Apparels Limited (the Company”) to regulate, monitor and report trading by the Designated Persons and Immediate Relatives of Designated Persons

This PIT Code shall come into force with effect from the date of approval of the Board of directors of the Company.

PURPOSE OF THE CODE

To regulate, monitor and report trading by the Designated Persons and their Immediate Relatives and also to prevent Insider Trading by prohibiting dealing in Shares, directly or indirectly, and any communication of UPSI, except in accordance with the Regulations and this PIT Code and Fair Disclosure Code (as defined below) and other related processes and procedures.

APPLICABILITY

The PIT Code is applicable to all Designated Persons and their Immediate Relatives, however certain provisions including but not restricted to maintaining confidentiality of UPSI, sharing of UPSI and trading when in possession of UPSI shall be applicable to all Insiders in accordance with Applicable Law.

Every Designated Person (including for his / her Immediate Relatives) and/or Insider shall be individually responsible for complying with the provisions of the PIT Code as applicable

The restrictions in this PIT Code, in certain cases, extend beyond the mandatory requirements prescribed under the Regulations; to ensure best practices of governance.

DEFINITIONS

- a) **“Act means”** the Securities and Exchange Board of India Act, 1992.
- b) **“Applicable Law”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, including any amendments thereto , or any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications, circulars or other governmental instruction and/or mandatory standards and or guidance notes as may be applicable in the matter of trading by an Insider.
- c) **“Audit Committee means”** Audit Committee of the Board constituted as per the regulatory requirements.
- d) **“Board means”** the Board of Directors of the Company.
- e) **“The Company”** means Lorenzini Apparels Limited
- f) **“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.

g) "Connected Person" means:

- 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 director, officer or an employee of the Company or holds any position including a professional or business relationship between himself / herself 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.
- Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established: -
 - An Immediate Relative of connected persons specified in clause (i); or
 - A holding company or associate company or subsidiary company; or
 - An intermediary as specified in Section 12 of the Securities and Exchange Board of India Act, 1992 or an employee or director thereof; or
 - An 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; or
 - 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
 - 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
 - An official or an employee of a self-regulatory organization recognized or authorized by the Board; or
 - A banker of the Company; or
 - 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.

h) "Generally available information" means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media;

i) "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;

j) "insider" means any person who is:

- a connected person; or
- in possession of or having access to unpublished price sensitive information;

k) "Shares" shall mean Equity shares of the Company as listed on the Stock Exchange.

l) "Trading" means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

- m) **“Trading day”** means a day on which the recognized stock exchanges are open for
- n) **“Unpublished Price Sensitive Information”** means any information, relating to a 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: –
- financial results;
 - dividends;
 - change in capital structure;
 - mergers, de-mergers, acquisitions, delistings, disposals and expansion of business
 - and such other transactions;
 - changes in key managerial personnel.
 - Any other matter as may be prescribed by the Board or Managing Director and CEO or Chief Financial Officer or CISO in consultation with the Compliance Officer of the Company.

DUTIES OF THE COMPLIANCE OFFICER

- Shall report to the Board and in particular, provide reports to the Chairman of the Audit Committee or to the Chairman of the Board, at such frequency as may be stipulated by the Board, but not less than once a year.
- Monitor adherence to the regulations for the safeguarding of UPSI.
- Grant / Reject pre-clearance applications received from the Designated Persons (including for their Immediate Relatives) for dealings in the Company Shares.
- Maintain a record of Trading Window closures specified from time to time.
- Assist all employees in addressing any clarifications regarding the Regulations and the related Codes (PIT Code and Fair Disclosure Code), policies, processes, and procedures.
- Determine Trading Window closure and opening periods with consultation of CFO.
- Seek declarations to the effect that the applicant (Designated Persons and/or their Immediate Relatives) for pre-clearance is not in possession of any UPSI. The Compliance Officer shall also have to regard whether any such declaration is reasonably capable of being rendered inaccurate and may seek further information, declarations etc.
- Review the Trading Plan to evaluate whether the plan would have any potential for violation of the 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.
- Any other duties as prescribed in other act, rules or law or assigned by the Board, if any

RESPONSIBILITIES AND RESTRICTIONS ON DESIGNATED PERSONS

- a) Any Designated Person (including their Immediate Relatives) shall not be allowed to Trade in the Company Shares except as specifically permitted under this Code.
- b) Notwithstanding anything under this Code, Designated Person (including their Immediate Relatives) shall not be allowed to enter into any arrangement/agreement to buy or buy Company Shares except as may be notified by the Compliance Officer from time to time.
- c) Any Designated Person (including their Immediate Relatives) can Trade in the Company Shares

subsequent to obtaining pre-clearance from the Compliance Officer for a Trade which exceeds threshold limit(s) as may be notified from time to time (for details, refer Clause on pre-clearance).

- d) Any Designated Person (including their Immediate Relatives) should not Trade Company Shares, during certain closed periods as may be notified generally or from time to time. (For details, refer Clause on Trading Window).
- e) No Designated Person (including their Immediate Relatives) should indulge in contra trade (for details, refer clause on Contra Trade).
- f) No Designated Person (including their Immediate Relatives) should pass on any UPSI to any individual by way of making recommendations for acquisition or disposal of Company Shares.
- g) Designated Persons (including their Immediate Relatives) should ensure Structured Digital Database is maintained in accordance with Applicable Law.
- h) Trades shall not be executed for Lorenzini Company Shares while in possession of UPSI by the Designated Persons (including their Immediate Relatives).
- i) Designated Person shall be individually responsible for himself / herself and shall also be responsible for compliance by his / her Immediate Relatives of the PIT Code and Applicable Law.
- j) Designated Persons (including their Immediate Relatives) will not contra trade in Company Shares except in compliance with Regulations and this Code.
- k) The Compliance Officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations
- l) If a Contra Trade is executed in violation of this clause or Applicable 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.

RESTRICTIONS ON COMMUNICATION AND PRESERVATION OF UPSI:

- a) The insider shall not communicate any UPSI regarding Company and its securities to any person including other insiders.
- b) Any communication in the organization by and/or among the insiders shall be strictly on need to know basis.
- c) No insider shall trade in securities of the Company when in possession of UPSI.
- d) Any communication in the furtherance of legitimate purposes, performance of duties or discharge of legal obligations and in the situations as provided in the Regulations shall not be violation of this code.

TRADING PLAN

- a) An insider may carry out trade in the securities of the Company pursuant to a trading plan approved by the Compliance Officer and after making disclosure to the public.
- b) The trading plan shall clearly set out value of trades to be effected or the number of securities to be traded, nature of the trade and the intervals or dates on which such trades shall be effected.

- c) The trading plan shall be approved after seeking declaration of non-possession of any UPSI from such insider-applicant.
- d) The trading plan once approved shall be irrevocable and mandatorily implemented by the insider.

TRADING WINDOW

- The Compliance Officer will inform about opening and closing of 'Trading Window'.
- Designated Persons and their Immediate Relatives shall be able to Trade Company Shares only when the Trading Window is open . Provided that this sub-clause will not apply on subscribing to shares pursuant to exercise of stock options, transactions which are undertaken in accordance with respective regulations made by the 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 offer, open offer, delisting offer or such other transactions as may be notified by SEBI.
- The Trading Window shall remain closed for all periods during the year except for the durations notified by the Compliance Officer to the Designated Person, from time to time with respect to opening of the same. Specifically, the Trading Window shall be closed on account of declaration of financial results from the last day of each quarter and extend up to the expiry of 48 (forty-eight) hours after the declaration / publication of the financial results.
- Any pre-clearance obtained by the Designated Person (including for their Immediate Relatives) when the Trading Window was open, would be valid for 7 (seven) Trading days from the date the approval of pre-clearance is granted or date of closure of Trading Window, whichever is earlier
- The Compliance Officer after assessing several factors including UPSI in question becoming generally available and being capable of assimilation by the market, will set the time for the Trading Window. The Trading Window will not be earlier than 48 hours after the UPSI becomes generally available.
- In case of any trading in Company Shares by portfolio managers/agents/ Share brokers or others acting on behalf of the Designated Person (including their Immediate Relatives), the responsibility for such trading in Company Shares rests solely on the concerned Designated Person including consequences for violation, if any, and the Designated Person's and / or Immediate Relative's trades would be presumed to have been carried out with his/her knowledge and permission for such trading. The Designated Person (including their Immediate Relatives) is required to inform their portfolio managers/agents/Share brokers about blackout periods with a clear instruction of not to execute any trade on behalf of the Designated Person (including their Immediate Relatives) during any Trading Window closure.

REPORTING & DISCLOSURE REQUIREMENTS

- Every Promoter, Director and Key Managerial Personnel shall disclosed their holding of security of the company annually.
- Any person appointed as Key Managerial Personnel 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.
- If the value of the securities traded by promoters, employees and directors, during any calendar quarter, aggregates in excess of Rs. 10 Lakhs (Rupees Ten Lakhs) then a disclosure shall be

made to the Company within two trading days of the transaction, about the number of securities acquired or disposed and the Company shall further notify the particulars of such trading to the stock exchange within two trading days of receipt of the disclosure or from becoming aware of such information.

- The disclosures by any person under this code shall also include trading by such person's immediate relatives and by any other person for whom such person takes trading decisions.
- The disclosures of trading in securities shall also include trading in derivatives of securities in value.
- Every KMP or Directors of the Company as on the date of appointment or upon becoming a KMP or Director will disclose his holding of Company Shares within seven days of such appointment in Form B as prescribed by the Applicable Law.
- The Company may also at its discretion require any other connected person to make disclosures of holding or Trading in Company Shares in such form and frequency as may be determined by the Company from time to time.

GENERAL

The formats for making applications for pre-clearance, reporting of trades executed, reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations shall be specified by the Board of Directors as deems necessary.

POLICY FOR ACTION ON VIOLATION OF CODE OF CONDUCT OF INSIDER TRADING BY DESIGNATED PARTNERS

Common Violations by Designated Persons:

- a) Execution of Trade during trading window closure period or trade while in possession of UPSI;
- b) Trading by Designated Persons without Pre-clearance;
- c) Failure to report trade by Designated Persons within 2 (two) trading days from the date of execution;
- d) Execution of contra-trade by Designated Persons; and
- e) Any other violation of the Company's Code of Conduct and SEBI (Prohibition of Insider Trading) Regulations, 2015.

REVIEW & REVISIONS TO THIS CODE

The Board reserves the authority to review and modify this PIT Code from time to time. All provisions of this PIT Code would be subject to amendment / change in accordance with appropriate Laws as may be issued by relevant Statutory, Governmental, and Regulatory Authorities, from time to time.

Mechanism:

| S.No. | Types of Violation | Action by the Company on 1 st Violation by DP | Action by the Company on 2 nd Violation by DP | Action by the Company on 3 rd Violation by DP |
|-------|---|---|---|---|
| 1 | Execution of Trade during trading window closure period | Issuance of Warning Letter | Issuance of Warning Letter | Issuance of Warning Letter |
| 2 | Trading by Designated Persons without preclearance. | AND | AND | AND |
| 3 | Failure to report trade by Designated Persons within 2 (two) trading days from the date of execution. | Reprimand/ Suspension for dealing in securities of ISF limited for 6 Months | Reprimand/ Suspension for dealing in securities of ISF limited for 6 Months | Reprimand/ Suspension for dealing in securities of ISF limited for 6 Months |
| 4 | Execution of contra-trade by Designated Persons. | AND | AND | AND |
| 5 | Any other violation of the Company's Code of Conduct and SEBI (Prohibition of Insider Trading) Regulations, 2015. | Repeat of PIT Training | Repeat of PIT Training | Repeat of PIT Training |

Any violation post 3rd violation by DP, the matter will be forwarded to Audit Committee for disciplinary action against such misconduct which may include wage freeze, suspension, recovery, termination of services etc.