



**SONATA SOFTWARE LIMITED**

---

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING  
AND  
CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY EMPLOYEES AND  
OTHER CONNECTED PERSONS ("Code")  
CIN: L72200MH1994PLC082110**

**(Effective from 15<sup>th</sup> May, 2015)**

Last amended on 10<sup>th</sup> August, 2020 and shall come into effect immediately

## PREAMBLE

As a part of Sonata Software Limited's (the "**Company**" or "**Sonata**") continuing commitment to transparency, this Code has been framed with a view to preserve confidentiality of unpublished price sensitive information, prevent misuse of such information while trading in Company's securities and ensure fairness in dealing with all stakeholders. It is applicable to all Insiders (as defined below) of the Company with respect to trading in Company's securities.

This Code along with the Code of Practices and Procedures for legitimate purposes, for Fair Disclosure of Unpublished Price Sensitive Information (the "**Code for Fair Disclosure**"), has been adopted and approved by the Board of Directors of the Company at its Meeting held on 19<sup>th</sup> May, 2015 and is effective from 15<sup>th</sup> May, 2015. This Code was amended by the Board at its Meeting conducted on 3<sup>rd</sup> February, 2017, 8<sup>th</sup> February, 2019 and 10<sup>th</sup> August 2020. This Code is in accordance with the Regulations (defined below) laid down by Securities and Exchange Board of India ("**SEBI**").

### **1. DEFINITIONS**

- 1.1 "**Act**" means the Securities and Exchange Board of India Act, 1992;
- 1.2 "**Board**" means the Board of Directors of the Company;
- 1.3 "**Code**" shall mean this Code of Conduct to Regulate, Monitor and Report Trading by Employees and other Connected Persons;
- 1.4 "**Company**" means Sonata Software Limited.
- 1.5 "**Companies Act**" means the Companies Act, 2013 together with the rules and regulations issued there under and any amendments thereto;
- 1.6 "**Compliance Officer**" means Company Secretary or such other senior officer of the Company designated so and reporting to the Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information (UPSI), monitoring of trades and the implementation of this Code under the overall supervision of the Board. "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

1.7 “**Connected Person**” means:

- (i) any person who is or has during 6 (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 and the Company, whether temporary or permanent, that allows such person, directly or indirectly, access to UPSI or is reasonably expected to allow such access;
- (ii) 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:
  - (a) an Immediate Relative of connected persons specified in sub-clause (i) above;
  - (b) a holding company, associate company or subsidiary company of the Company;
  - (c) an intermediary as specified in Section 12 of the Act or an employee or director thereof;
  - (d) an investment company, trustee company, asset management company or an employee or director thereof;
  - (e) an official of a stock exchange or of clearing house or corporation;
  - (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;
  - (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;
  - (h) an official or an employee of a self-regulatory organization recognized or authorized by SEBI;
  - (i) a 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 10 (ten) per cent, of the holding or interest;

- 1.7 “**Derivatives**” includes (a) a right to call or delivery or a right to make a delivery at a specified price and within a specified time of a specified number of shares / debentures or other securities of the Company (b) any contract which derives its value from the prices or index of prices of underlying securities of the Company.

1.8 **“Designated Persons”** means and includes

- (i) Directors and Key Managerial Personnel of the Company
- (ii) Senior management of the Company and its Subsidiaries
- (iii) Every employee in the HR, finance, accounts, secretarial and legal department as may be determined and informed by the Compliance Officer; and
- (iv) Compliance Officer may specify the designated persons to be covered by the code of conduct 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 and shall include:-
  - Employees of the Company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body;
  - Employees of material subsidiaries of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;
  - All Promoters of the Company and Promoters who are individuals or investment companies for intermediaries or fiduciaries;
  - Chief Executive Officer and employees upto two levels below Chief Executive Officer of the Company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the Company or ability to have access to unpublished price sensitive information;
  - Any support staff of the Company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.

1.9 **“Senior Management”** shall mean and include employees of the Company and its subsidiaries one level below the Board.

1.10 **“Director”** means a member of the Board of the Company;

1.11 **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis;

1.12 **“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;

- 1.13 **“Insider”** means any person who is:
- (i) a Designated Person; or
  - (ii) a Connected Person; or
  - (iii) any person in possession of or having access to unpublished price sensitive information
- 1.14 **“Key Managerial Personnel”** means a person as defined in Section 2(51) of the Companies Act including any amendment or modification thereto;
- 1.15 **“Material Subsidiary”**
- 1.16 means a Subsidiary of the Company:
- (i) in which the investment of the Company exceeds 20 (twenty) per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
  - (ii) which has generated 20 (twenty) per cent of the consolidated income of the Company during the previous financial year;
- 1.17 **“Need to Know”** means-
- (i) that UPSI should be disclosed only to 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; and
  - (ii) all non-public information directly received by any Employee should immediately be reported to the head of the department;
- 1.18 **“Promoter”** and **“Promoter Group”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 1.19 **“Regulations”** shall mean Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto;

- 1.20 **“Securities** “shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- 1.21 **“SEBI”** shall mean the Securities and Exchange Board of India;
- 1.22 **“Takeover Regulations** “means Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- 1.23 **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any Securities, and **“trade”** shall be construed accordingly. It is clarified that **“Trading”** shall not be limited to buying, selling or subscribing of any Securities but shall also include pledging etc;
- 1.24 **“Trading Day”** means a day on which the recognized Stock Exchanges are open for trading;
- 1.25 **“Trading Plan”** shall have the meaning assigned to in Clause 6.1;
- 1.26 **“Trading Window”** shall have the meaning assigned to in Clause 5.1; and
- 1.27 **“Unpublished Price Sensitive Information”** or **“UPSI”** means any information, relating to the Company (including a Material Subsidiary) or its Securities (listed or proposed to be listed), 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 include but not be restricted to, information relating to the following:
- (i) financial results;
  - (ii) dividends;
  - (iii) change in capital structure;
  - (iv) mergers, de-mergers, acquisitions, de listing’s, disposals and expansion of business and such other transactions;
  - (v) changes in Key Managerial Personnel;
  - (vi) business plans comprising of targets, cash flows, forecasts, etc;
  - (vii) monthly flash reports, actual report, estimates, quarterly/annual reports circulated

by groups/divisions, consolidations thereof including any extracts or amendments thereof;

- (viii) any significant information or decisions affecting pricing, profitability, etc;
- (ix) gain or loss of a substantial customer or supplier;
- (x) significant changes in shareholding pattern (before they take place);
- (xi) any unpublished proposal for public issue of shares, buy-back of securities, issue of bonus/rights shares, private placement, debt offerings, etc;
- (xii) significant litigation exposure with major suppliers, customers, contractors, etc;
- (xiii) new research or product announcements of a significant nature; and
- (xiv) any significant change in policies, plans or operations of the Company.

1.28 **'Leak of UPSI'** shall refer to such act / circumstance(s) by virtue of which an UPSI is made available or becomes available, by any means or mode to any person, association, body, firm, agency, society, entity or to a group thereof, whether registered or otherwise before its official publication or announcement or formal circulation in public domain and which shall also include any purported attempt thereof.

*Explanation: It covers the instances where the UPSI has been shared by a person to any person, association, body, firm, agency, society, entity or to a group thereof except in compliance with applicable law.*

1.29 Words and expressions used and not defined in this Code but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 shall have the meanings respectively assigned to them in those legislations.

## **2 RESTRICTION ON COMMUNICATION OR PROCUREMENT OF UPSI AND TRADING BY INSIDERS:**

2.1 No Insider shall communicate, provide, or allow access to any UPSI, relating to the Company or its Securities listed or proposed to be listed, to any person including other Insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

- 2.2 No person shall procure from or cause the communication by any Insider of UPSI, relating to the Company or Securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 2.3 All UPSI shall be handled within the Company on a Need to Know basis and no UPSI shall be communicated to any person except in furtherance of a legitimate purposes, performance of duties or discharge of legal obligations. The Board shall in addition, specifically restrict access to such confidential information to only authorized persons and all computer files will have adequate security login and be protected with passwords and firewalls, etc.
- 2.4 Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- 2.5 To prevent the misuse of UPSI, the Company will adopt a ‘Chinese Wall’ policy which separates those departments which routinely have access to UPSI, considered ‘inside areas’ from those departments which deal with sale/marketing or other departments providing support services, considered ‘public areas’. Under this policy:
- (i) the Employees in the inside areas will not be allowed to communicate any UPSI to anyone in the public areas;
  - (ii) the Employees in inside area may be physically separated from the Employees in public area;
  - (iii) the demarcation of various departments as inside area shall be determined by the Compliance Officer in consultation with the Board; and
  - (iv) only in exceptional circumstances, will Employees from the public areas be brought ‘over the wall’ and given UPSI on the basis of Need to Know criteria, under intimation to the Compliance Officer.
- 2.6 Notwithstanding anything contained in this Code, UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
- (i) entail an obligation to make an open offer under the Takeover Regulations where the board of directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company;



- (ii) not attract the obligation to make an open offer under the Takeover Regulations but where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute UPSI is disseminated to be made generally available at least 2 (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
- 2.7 For purposes of Clause 2.5, the Board shall require parties to execute agreements to ensure confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of Clause 2.5 and shall not otherwise trade in Securities of the Company when in possession of UPSI.
- 2.8 The Board shall ensure that a structured digital database is maintained containing the nature of UPSI and the names of such persons who have shared the information and also names of such persons with whom information is shared under this Regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
- 2.9 The Board shall also ensure that the structured digital database is preserved for a period of not less than eight years after the completion of the relevant transactions and in the event of receipt of information from the SEBI, regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

### **3 TRADING WHEN IN POSSESSION OF UPSI:**

- 3.1 No Insider shall trade in Securities that are listed on a stock exchange(s) when in possession of UPSI (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) except when the following circumstances can be established:
  - (i) the transaction is an off-market inter-se transfer between Insiders who were in possession of the same UPSI without being in breach of Clause 2 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained under clause 2.

Provided further that such off-market trades shall be reported by the insiders to the Company within two working days. 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 clause 2 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 clause 2.

- (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 UPSI were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such UPSI when they took the decision to trade; and
  - (b) appropriate and adequate arrangements were in place to ensure that this Code is not violated and no UPSI was communicated by the individuals possessing the UPSI 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 Clause 6 below.

3.2 In the case of Connected Persons, the onus of establishing, that they were not in possession of UPSI, shall be on such Connected Persons and in other cases, the onus would be on SEBI.

#### **4 PRE-CLEARANCE OF TRADES:**

- 4.1 All Designated Persons and/or their Immediate Relatives shall trade in the Securities of the Company only when the Trading Window is open, provided they obtain pre-trading approval as per the procedure prescribed hereunder and are not in possession of UPSI. No Designated Persons or their Immediate Relatives shall trade in the Securities of the Company during the period the Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time to time.
- 4.2 Such pre-trading approval would be necessary, only if the cumulative trading whether in one transaction or a series of transactions in any calendar quarter exceeds either (i) INR 10,00,000 (Rupees Ten Lakhs only) (market value); (ii) 10,000 Shares; or (iii) 1 (one) per cent of the total shareholding of the Company, whichever is less.
- 4.3 No Designated Persons and their Immediate Relatives shall take positions in derivative transactions in the Securities of the Company at any time.
- 4.4 The pre-clearance procedure is set out below:
- (i) an application needs to be made to the Compliance Officer, in the format annexed hereto as **Annexure 1**, indicating the nature and date of transaction, proper reason for such transaction and estimated number of Securities that the Designated Person intends to trade in and such other details as may be required by any rule made by the Company in this behalf;
  - (ii) the application shall be accompanied by an undertaking executed by such Designated Person in favour of the Company in the format annexed hereto as **Annexure 2**;
  - (iii) The Compliance Officer shall consider the application made as above and shall approve it forthwith preferably on the same Trading Day but not later than the next Trading Day unless he is of the opinion that grant of such an approval would result in a breach of the provisions of this Code, or the Regulations. Such approval/rejection may preferably be conveyed through electronic mail. While considering the application, the Compliance Officer shall have due regard to whether the declaration provided in Annexure 2 is reasonably capable of being rendered inaccurate;
  - (iv) every approval letter shall be issued in the format annexed hereto as **Annexure 3**. Every approval shall be dated and shall be valid for a period of 7 (seven) Trading Days from the date of approval;

- (v) all Designated Persons shall ensure that they and/or their Immediate Relatives complete execution of every pre-cleared trade in the Company's Securities as prescribed above no later than 7 (Seven) Trading Days from the date of the approval. The Designated Persons shall file within 2 (Two) Trading Days of the execution of the trade, the details of such trade, with the Compliance Officer in the format annexed hereto as **Annexure 4**. In case the transaction is not undertaken, a report to that effect shall be filed in the format annexed hereto as **Annexure 4**;
- (vi) if the order is not executed within 7 (Seven) Trading Days after the pre-clearance has been granted, the Designated Person and/or his/her Immediate Relatives shall make a fresh application for pre-clearance of trades;
- (vii) No Designated Persons and/or their Immediate Relatives shall within 6 (Six) months of buying or selling any Securities of the Company, enter into an opposite transaction i.e. sell or buy, as the case may be, any number of securities of the Company ("Contra Trade"). This shall not be applicable for trades pursuant to exercise of stock options. If an opposite transaction is executed, inadvertently or otherwise, in violation of this restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act; and
- (viii) the Compliance Officer can grant relaxation from strict application of the above restriction after recording the reasons in this regard provided that such relaxation does not violate the Regulations. It may however, be noted that in terms of the Regulations, no such purchase/ sale will be permitted when the Trading Window is closed.

## **5 TRADING WINDOW:**

- 5.1 The period during which Trading in the Company's Securities on the stock exchange(s) is permissible by Designated Persons and/or their Immediate Relatives shall be referred to as the "**Trading Window**". Other than the period(s) for which the Trading Window is closed as prescribed hereunder, the same shall remain open for Trading in the Securities of the Company.

Unless otherwise specified by the Compliance Officer, the Trading Window for Trading in Securities of the Company shall be closed for Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons are reasonably

expected to have UPSI. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

Trading restriction period shall be applicable from the end of every quarter till 48 hours after the declaration of financial results.

- 5.2 The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.
- 5.3 The Compliance Officer shall intimate the closure of Trading Window to all Designated Persons of the Company and the stock exchange(s) where the Company's Securities are listed and also publish the same on the corporate website.
- 5.4 In case of Employee Stock Option Plans ("ESOPs"), exercise of option may be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when Trading Window is closed.

## **6 TRADING PLAN:**

- 6.1 An Insider shall be entitled to formulate a plan for Trading 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 behalf (the "**Trading Plan**").
- 6.2 Such Trading Plan shall:
- (i) not entail commencement of Trading on behalf of the Insider earlier than 6 (Six) months from the public disclosure of the Trading Plan;
  - (ii) not entail Trading for the period between the twentieth Trading Day prior to the last day of any financial period for which results are required to be announced by the Company and the second Trading Day after the disclosure of such financial results;
  - (iii) entail Trading for a period of not less than 12 (Twelve) months;
  - (iv) not entail overlap of any period for which another Trading Plan is already in existence;

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

6.3 The Compliance Officer shall review the Trading Plan made as above to assess whether it would have any potential for violation of the Regulations and shall be entitled to seek express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the Trading Plan as per provisions of this Code.

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.

6.4 The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement it, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the Trading Plan.

6.5 However, the implementation of the Trading Plan shall not be commenced, if at the time of its formulation, the Insider is in possession of any UPSI and the said information has not become Generally Available Information at the time of the commencement of implementation. In such event, the commencement of the Trading Plan shall be deferred by the Compliance Officer until such UPSI becomes Generally Available Information. Further, the Insider shall also not be allowed to trade in Securities of the Company, if the date of Trading in Securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

6.6 Upon approval, the Compliance Officer shall notify the Trading Plan to the Stock Exchanges on which the Securities are listed.

## **7 DISCLOSURE REQUIREMENTS FOR TRADING IN SECURITIES:**

### **7.1 Initial Disclosures**

- (i) Every Promoter including member of Promoter Group, Key Managerial Personnel and Director of the Company shall, within 30 (thirty) days of the Regulations taking effect, forward to the Company the details of all holdings in Securities of the

Company presently held by them in the format annexed hereto as Form A- **Annexure 5**.

- (ii) Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter or a member of a Promoter Group shall disclose his holding of Securities of the Company as on the date of appointment or becoming a Promoter, to the Company within 7 (seven) days of such appointment or becoming a Promoter in the format annexed hereto as Form B- **Annexure 6**.

## 7.2 Continual Disclosures

- (i) Every Promoter including member of Promoter Group, Designated Person and Director of the Company shall disclose to the Company the number of such Securities acquired or disposed of within 2 (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 INR 10,00,000 (Rupees Ten Lakhs only) in the format annexed hereto as Form C- **Annexure 7**.
- (ii) Every Promoter including member of Promoter Group, Key Managerial Personnel, Director and Designated Person of the Company shall disclose annual statements of their holding and the holding of their Immediate Relatives and of any other person for whom such person takes Trading decisions, of the Company's Securities (including derivatives) to the Compliance Officer as on 31 March every year in the format annexed hereto as **Annexure 8**. Such statement shall be submitted by 15 April every financial year end.
- (iii) It is clarified that the disclosure of any incremental transactions after any disclosure under sub-clause (i) shall be made when the transactions effected after the prior disclosure cross the threshold specified in sub-clause (i) above.

## 7.3 Disclosure by Company to the Stock Exchange(s)

Within 2 (two) Trading Days of receipt of the disclosure under Clause 7.2 or from becoming aware of such information, the Compliance Officer shall disclose such information received to all the Stock Exchanges on which the Securities of the Company are listed.

7.4 *Disclosures by other Connected Persons*

The Company may, at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and Trading in Securities of the Company in the format annexed hereto as Form D- **Annexure 9**, and at such frequency as may be determined by the Board in order to monitor compliance with these Regulations.

7.5 For the purpose of Clause 7:

- (i) the disclosures mentioned above are required to be made not only of those executed by the person concerned but also their Immediate Relatives and of other persons for whom the person concerned takes Trading decisions; and
- (ii) the disclosures of Trading in Securities shall also include Trading in derivatives of Securities and the traded value of the derivatives shall be taken into account for purposes of this Clause 7.

**8 PRACTICE FOR REGULATION, MONITORING AND REPORT ON TRADING OF SECURITIES BY INSIDERS:**

8.1 The Company Secretary shall hold the position of the Compliance Officer so long as he/she remains the Company Secretary. In the event of the office of the Company Secretary falling vacant till such time a successor is appointed, any senior officer fulfilling the requirements laid down in the Regulations, may be designated as such by the Managing Director and Chief Executive Officer and thereupon such Designated Person shall, in the interim period act as the Compliance Officer.

8.2 The Compliance of the trade, monitoring of trades and implementation of this Code shall be under the Board's supervision.

8.3 Designated Persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the Company on an annual basis and as and when the information changes:

- a) Immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile and cell numbers which are used by them



- 8.4 In addition, the names 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 a loan or gift from a Designated Person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such Designated Person but shall exclude relationships in which the payment is based on arm’s length transactions.*

- 8.5 In order to discharge his/her functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his/her function. In the performance of his/her duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.
- 8.6 The Compliance Officer shall report to the Board and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors but not less than once in a year.
- 8.7 The Compliance Officer shall assist all Employees in addressing any clarifications regarding the Regulations and this Code and maintaining a record of the Employees and any changes made in the list of Employees.
- 8.8 Prior to approving any trades, the Compliance Officer may seek declarations to the effect that the applicant for pre-clearance is not in possession of any UPSI and shall have discretion to validate it.
- 8.9 The Compliance Officer shall maintain records of all the declarations in the appropriate formats given by the Insiders for a minimum period of 5 (five) years.
- 8.10 The Compliance Officer shall setup a process for how and when people are brought ‘inside’ on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information

## **9 INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING:**

- 9.1 The Chief Executive Officer, Managing Director or such other analogous person of the

Company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements to prevent insider trading.

- 9.2 The internal controls shall include the following:
- a) all employees who have access to unpublished price sensitive information are identified as Designated Person;
  - b) all the Unpublished Price Sensitive Information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
  - c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
  - d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
  - e) all other relevant requirements specified under these Regulations shall be complied with;
  - f) periodic process review to evaluate effectiveness of such internal controls.
- 9.3 The Board shall ensure that the Chief Executive Officer or the Managing Director or such other analogous person ensures compliance with this clause
- 9.4 The Audit Committee of the Company or other analogous body for intermediary or fiduciary shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- 9.5 The Company shall formulate written policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, which shall be approved by the Board and accordingly initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.
- 9.6 The Company shall have a Whistle-Blower Policy and make employees aware of such Policy to enable employees to report instances of leak of UPSI.

- 9.7 Retaliation for reporting suspected violations is strictly prohibited under this Policy. Employee who reports any alleged violations of Insider Trading Laws in accordance with the Informant mechanism introduced vide SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 dated 17 September 2019, will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination
- 9.8 If an inquiry has been initiated by a Company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall co-operate with the Company in connection with such inquiry conducted by Company.

## 10 **PENALTY:**

- 10.1 Every Employee, Director, Promoter and 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).
- 10.2 Any instance of violation of the Regulations shall be placed before the Board of the Directors of the Company and if deemed fit by the Board such instances of violation shall be promptly reported to the Stock Exchanges where the Securities of the Company are Listed in the format annexed hereto as **Annexure 10**. Additionally, If an Insider contravenes any of the provisions of this Code, he shall be subject to disciplinary action, which may include wage freeze, suspension, recovery clawback, ineligibility for future participation in the Company's stock option plans or termination of employment itself.

In case any other Insider (other than an Employee) contravenes any of the provisions of this Code:

- (i) his services or relationship with the Company may be terminated; and
  - (ii) the Company may inform SEBI or any other appropriate regulatory authority so that appropriate action may be taken against him.
- 10.3 Any amount collected by the Company under the violations of the clauses of this Code, shall be remitted to the Investor Protection and Education Fund (IPEF) which is monitored by the Securities Exchange Board of India.
- 10.4 Action taken by the Company for violation of the Regulations and the Code against any

person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws, rules and/or regulations.

**11 AMENDMENT:**

The Board may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendments, clarifications, circulars etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendments, clarifications, circulars etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendments, clarifications, circulars etc.



**ANNEXURE 1**  
**PRE- TRADING APPROVAL APPLICATION**

**From**

Name :

Emp. Id. :

Reporting to :

**To**

The Compliance Officer  
Sonata Software Limited  
1/4, APS Trust Building  
Bull Temple Road, N.R. Colony  
Bangalore - 560 019

Dear Sir/Madam,

**Sub: Application for pre-trading approval in securities of the Company**

As per the requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by Employees and other Connected Persons (“Code”) on prevention of insider trading of the Company, I request you to allow [me/my immediate relative, [●],] to enter into following transaction in the securities of the Company:

Type of Transaction : Buy/Sell

No. of shares :

Date of proposed trading :

Reason for trading :



I confirm that the transaction will be completed within a trading window, which shall be within seven trading days after the approval of pre-clearance is given, failing which I undertake to pre-clear the transaction again. I further confirm that I have read the Code and have made an informed judgment as to my possession of unpublished price-sensitive information. The above is a full and true disclosure in the matter.

Thanking you.

Yours faithfully,

Place:

.....

Date:

(Signature of the Applicant)

## ANNEXURE 2

### UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE- TRADING APPROVAL

#### Undertaking

To

Sonata Software Limited  
1/4, APS Trust Building  
Bull Temple Road, N.R. Colony  
BANGALORE - 560 019

I, [[●], [●] of the Company/the immediate relative of [●], [●] of the Company], residing at [●], am desirous of trading in [●]\* securities of the Company as mentioned in my application dated [●] for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any Unpublished Price Sensitive Information (as defined in the Company's Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Employees and other Connected Persons ("Code")) up to and at the time of signing this undertaking.

In case I have access to or I receive any Unpublished Price Sensitive Information (as defined in the Code) after signing this undertaking but before execution of the transaction, I shall inform the Compliance Officer of the change in my position and I would, and ensure that my Immediate Relatives would, completely refrain from Trading in the Securities (including derivatives) of the Company till the time such Unpublished Price Sensitive Information becomes generally available.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time.

I undertake to submit the necessary report within 2 (Two) trading days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the trade within 7 (Seven) trading days of the receipt of approval failing which I shall seek pre-clearance.

I am aware that, I shall be liable to face penal consequences as set forth in the Code including disciplinary action under the Code of the Company, in case the above declarations are found to



be misleading or incorrect at any time.

I agree to comply with the provisions of the Code and provide any information relating to the trade as may be required by the Compliance Officer and permit the Company to disclose such detail to SEBI, if so required by SEBI.

I declare that I have made full and true disclosure in the matter.

Date:

Signature: \_\_\_\_\_

**\* Indicate number of shares**





**ANNEXURE 3  
FORMAT FOR PRE-TRADING APPROVAL LETTER**

Date:

Approval no:

To,

Mr. /Mrs. [●]

Emp. Id.:

Designation:

**Pre-Trading Approval/Disapproval – Your application dated [●]**

Dear Sir/Madam,

With reference to your above application seeking approval for undertaking certain transactions in Securities (including derivatives) of the Company detailed therein, please be informed that [you are / your Immediate Relative, [●],] is hereby [authorized/not authorized] to undertake the transaction(s) as detailed in your said application.

This approval is being issued to you based on the various declarations, representations and warranties made by you in your said application.

This approval letter is valid till [●] (i.e., for 7 (Seven) trading days from date hereof). If [you / your Immediate Relative, [●]] do(es) not execute the approved transaction/trade on or before this date you would have to seek fresh pre-trading approval before executing any transaction/trade in the Securities (including derivatives) of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 (two) trading days from the date of transaction/trade. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,

Compliance Officer  
Sonata Software Limited

*Encl: Format for submission of details of transaction (Annexure 4)*

**ANNEXURE 4**

**FORMAT FOR DISCLOSURE OF PRE-APPROVED TRANSACTIONS**

*[To be submitted within 2 (Two) trading days of transaction/Trading in Securities (including derivatives) of the Company]*

Date:

To  
The Compliance Officer  
Sonata Software Limited  
1/4, APS Trust Building  
Bull Temple Road, N.R. Colony  
Bangalore – 560 019

Dear Sir/Madam,

**Ref: Details of pre-approved transaction pursuant to approval letter no. [●] dated [●]**

I hereby inform you that I / my immediate relative, [●]

- ✓ [have not bought/sold/subscribed any Securities (including derivatives) of the Company
- ✓ have bought/sold/subscribed to the Securities (including derivatives) of the Company as mentioned below on [●]]<sup>1</sup>

Name of holder	First or joint holder **	No. of Securities (including derivatives) traded	Bought/Sold/ Subscribed	DP Id/Client Id (electronic form) or Folio no. for physical where the Securities will be debited or credited	Price (INR)

\*\* F||- first holder / J||- joint holder

<sup>1</sup> Please strike out whichever is not applicable



In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 5 (five) years and produce to the Compliance Officer/SEBI any of the following documents:

1. Broker's contract note
2. Proof of payment to/from brokers
3. Extract of bank passbook/statement (to be submitted in case of demat transactions).
4. Copy of Delivery instruction slip (applicable in case of sale transaction)

I declare that the above information is correct and that no provisions of the Company's Insider Trading Code and/or applicable laws/regulations have been contravened for effecting the above said transaction(s).

I agree not to buy/sell the Securities (including derivatives) for a period of 6 (six) months from the date of the aforesaid transaction (applicable in case of purchase / sale transaction by Designated Persons only).

In case there is any urgent need to sell these Securities (including derivatives) within the said period, I shall approach the Compliance Officer for necessary approval (applicable in case of purchase / subscription).

Yours faithfully,

---

Name :

Date :

Emp. Id. :

Reporting to :

**ANNEXURE 5**  
**'FORM A'**  
**FORMAT OF INITIAL DISCLOSURE**  
**[Regulation 7 (1) (a) read with Regulation 6 (2)]**

Name of the Company:

ISIN of the Company:

**Details of Securities held by Promoter/Promoter Group, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relatives/others etc)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of Security (For eg. – Shares, Warrants, Convertible Debentures etc)	No.	
1	2	3	4	5

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Open Interest of the Future contracts held as on the date of regulation coming into force			Open Interest of the Option Contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts* lot size)	Notional value in Rupee terms
6	7	8	9	10	11



**Note:** *In case of Options, notional value shall be calculated based on premium plus strike price of options*

Name &Signature:

Designation:

Date:

Place:

**ANNEXURE 6  
'FORM B'**

**FORMAT OF DISCLOSURE ON BECOMING DIRECTOR/KEY MANAGERIAL  
PERSONNEL//PROMOTER/PROMOTER GROUP  
[REGULATION 7 (1) (B) READ WITH REGULATION 6(2)]**

Name of the Company:

ISIN of the Company:

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of the Company and other such persons as mentioned in Regulation 6(2)**

Name, PAN No., CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate relatives/other s etc)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of Security (For e.g. – Shares, Warrants, Convertible Debentures etc)	No.	
1	2		3	4	5

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a Listed Company and other such persons as mentioned in Regulation 6(2)**

Open Interest of the Future contracts held at the time of becoming Promoter / appointment of Director / KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
<i>Contract Specifications</i>	Number of units (contracts * lot size)	Notional value in Rupee terms	<i>Contract Specifications</i>	Number of units (contracts* lot size)	Notional value in Rupee terms
6	7	8	9	10	11

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name &Signature:

Designation:

Date:

Place:

**ANNEXURE 7**  
**'FORM C'**  
**FORMAT FOR CONTINUAL DISCLOSURE**  
**[Regulation 7 (2) read with Regulation 6(2)]**

Name of the Company:

ISIN of the Company:

**Details of change in holding of Securities of Promoter, Employee or Director of a listed Company and other such persons as mentioned in Regulation 6(2)**

Name, PAN No., CIN/DIN, & address of Promoter/ Employee / Director with contact nos.	Category of Person (Promoters/ KMPs/ Directors/ immediate relatives/ others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to Company	Mode of Acquisition/disposal (onmarket /public rights/preferential offer / off market/ Inter-se Transfer, ESOP etc.)
		Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No. and % age of Shares/Warrants etc.)	Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/sale/pledge/revoke/invoke)	Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No. and % age of Shareholding	From	To		



								re s etc.)					
1	2	3	4	5	6	7	8	9	10	11	12	13	14

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of Contract	Contract specifications	Buy		sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of options*

Name &Signature:



Designation:

Date:

Place:



**ANNEXURE 8  
ANNUAL DISCLOSURES**

**FORMAT OF ANNUAL STATEMENT OF HOLDINGS BY PROMOTER / KEY MANAGERIAL  
PERSONNEL /DIRECTOR/ DESIGNATED PERSON AND THEIR IMMEDIATE RELATIVES**

Date:

To

The Compliance Officer  
Sonata Software Limited  
1/4, APS Trust Building  
Bull Temple Road, N.R. Colony  
Bangalore – 560 019

Dear Sir/Madam,

**Ref: Statement of shareholdings in Sonata Software Limited**

As on [●], I along with my Immediate Relatives hold the Securities (including derivatives) of the Company, details whereof are as under:

**Description of Security:**

Name of Holder	Physical Holdings		Electronic Holdings		
	Folio No.	Total Holdings	DP ID	Client ID	Total Holdings

Yours faithfully,

Signature:

Designation:

Date:

Place:

**ANNEXURE 9**  
**'FORM D'**  
**FORMAT FOR DISCLOSURES BY OTHER CONNECTED PERSONS**  
**[Regulation 7(3)]**

**Transactions by Other Connected Persons as identified by the Company**

**Details of trading in securities by other connected persons as identified by the company**

Name , PAN No., CIN/D IN, & address of Conne cted Perso ns, as identi fied by the Comp any with conta ct nos.	Conn ectio n with the Com pany	Securities held prior to acquisitio n/disposal		Securities acquired/Dispose d				Securities held post acquisition/ disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to Company	Mode of acquisition (market purchase/ pu blic/ rights/ preferenti al offer / off market/ Inter-se Transfer, ESOP etc.)
		Type of securi ty (For eg. – Share s, Warrag nts, Conve rtible Debe ntures etc.)	N o of a n d %	Type of secur ity (For eg. – Share s, Warr ants, Conv ertibl e Debe nture s etc.)	No.	Val ue	Tran sacti on Type (Buy /sale /ple dge/ revo ke/in voke )	Type of secur ity (For eg. – Shar es, Warr ants, Conv ertibl e Debe ntur es etc.)	No. and % of shareh olding	From	To		

			o l d i n g										
1	2	3	4	5	6		7	8		10		11	12

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of trading in derivatives by other connected persons as identified by the Company.**

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of Contract	Contract specifications	Buy		sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name:

Signature:

Date:

Place:

**Annexure 10**

**Report by (Name of the listed company) for violations related to Code of Conduct under SEBI  
(Prohibition of Insider Trading) Regulations, 2015.**

**[For listed company: Schedule B read with Regulation 9 (1) of SEBI  
(Prohibition of Insider Trading) Regulations, 2015**

Sr. No.	Particulars	Details
1	Name of the listed company	
2	Please tick appropriate checkbox Reporting in capacity of : <input type="checkbox"/> Listed Company <input type="checkbox"/> Intermediary <input type="checkbox"/> Fiduciary	
3	A. Details of Designated Person (DP)	
	i. Name of the DP	
	ii. PAN of the DP	
	iii. Designation of DP	
	iv. Functional Role of DP	
	v. Whether DP is Promoter or belongs to Promoter Group	
	B. If Reporting is for immediate relative of DP	
	i. Name of the immediate relative of DP	
	ii. PAN of the immediate relative of DP	
	C. Details of transaction(s)	
	i. Name of the scrip	
	ii. No of shares traded and value (Rs.) (Date- wise)	
	D. In case value of trade(s) is more than Rs.10 lacs in a calendar quarter	

Sr. No.	Particulars	Details
	i. Date of intimation of trade(s) by concerned DP/director/promoter/promoter group to Company under regulation 7 of SEBI (PIT) Regulations, 2015	
	ii. Date of intimation of trade(s) by Company to stock exchanges under regulation 7 of SEBI (PIT) Regulations, 2015	
4	Details of violations observed under Code of Conduct	
5	Action taken by Listed company	
6	Reasons recorded in writing for taking action stated above	
7	Details of the previous instances of violations, if any, since last financial year	
8	If any amount collected for Code of Conduct violation(s)	
	i. Mode of transfer to SEBI - IPEF (Online/Demand Draft)	
	ii. Details of transfer/payment In	
	case of Online:	
	Particulars	Details
	Name of the transferor	
	Bank Name, branch and Account number	
	UTR/Transaction reference Number	
	Transaction date	
	Transaction Amount (in Rs.)	
	In case of Demand Draft (DD):	
	Particulars	Details
	Bank Name and branch	
	DD Number	
	DD date	
	DD amount (in Rs.)	
9	Any other relevant information	

Yours faithfully,

Date and Place

Name and signature of Compliance Officer

PAN:

Email id: