HEG GRAPHITE LIMITED

Standardized Framework to Penalize the Designated Persons of the Company for Violation of Code of Conduct for Regulating, Monitoring & Reporting Trading of the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015, Approved by the Board of Directors on 10th August, 2026

PREAMBLE

Securities and Exchange Board of India ("SEBI") through its Gazette Notification dated January 15, 2015 issued the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof. These PIT Regulations replace the SEBI (Prohibition of Insider Trading) Regulations, 1992 with effect from the 120th day from January 15, 2015. This PIT regulations are amended by SEBI from time to time.

Regulation 9 of the PIT Regulations requires the Board of Directors of every listed company and market intermediary to formulate a code of conduct to regulate, monitor and report trading by its employees and other 'connected persons' towards achieving compliance with the Regulations, adopting minimum standards as set out in Schedule B of the Regulations, without diluting the provisions of the Regulations in any manner.

Accordingly, Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the '**Code**') was adopted by the Board of Directors of the Company which was amended from time to time as required by Regulations.

PURPOSE

Every Designated Person shall be individually responsible for complying with the provisions of the Code under PIT Regulations (including to the extent the provisions hereof are applicable to his / her immediate Relatives).

In order to prevent violation of Code of Conduct for Regulating, Monitoring & Reporting Trading of the Company, there is need to draw/adopt a framework to penalize the Designated Persons of the Company, in case there is violation of Code under PIT Regulations, which will act as deterrence.

This framework has been designed for standardization of action taken by Company including imposition of penalty on the Designated Persons of the Company for violating the provisions

of the Code under PIT Regulations and/or directions/orders of SEBI, issued from time to time.

DEFINITIONS

a) **"Act"** means the Securities and Exchange Board of India Act, 1992.

b) **"Designated Officer/Designated Employees"** shall cover the following:

- Officers or Employee belongs to the level of Managers and above or its equivalent in all departments;
- All employees in Secretarial, Finance and Accounts Department;
- Chief Executive Officer, Managing Directors and employees upto two levels below Chief Executive Officer and Managing Director;
- Employees of managerial level and above of Accounts and Secretarial Department of material subsidiary.
- All employees of IT Department of our Company who is having access to unpublished price sensitive information
- Such other employees as may be specified and determined from time to time by the Committee Concerning Shares (committee which will monitor the implementation of the Code) and/or Compliance Officer.

c) **'Designated Persons':** Designated Persons include inter alia the following-

(i) Designated Officer**/**Designated Employee
(ii) All Directors of the Company including Independent Directors
(iii)Promoter and Promoter group of the Company

d) **Immediate Relative**" means a spouse of an insider and includes parent, sibling, and child of such insider or of the spouse, any of whom is either dependent financially on such insider, or consults such insider in taking decisions relating to trading in securities.

e) **"Insider**" means any person who is:

a) a connected person
b) Designated persons
c) in possession of or having access to unpublished price sensitive information;

f) **"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;

g) "**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: –

(i) financial results;
(ii) dividends;

(iii) change in capital structure;
(iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
(v) changes in key managerial personnel;
(vi) change in rating(s), other than ESG rating(s);
(vii) fund raising proposed to be undertaken;
(viii) agreements, by whatever name called, which may impact the management or control of the company;
(ix) fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
(x) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
(xi) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
(xii) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
(xiii) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
(xiv) outcome of any litigation(s) or dispute(s) which may have an impact on the company; (xv) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
(xvi) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals

Any other information which, considering its materiality and bearing on the Company's operations / performance, may be considered 'unpublished price sensitive information';

h) Generally Available Information" means information that is accessible to the Public on a non-discriminatory basis.

MECHANISM FOR PREVENTION OF INSIDER TRADING AND REPORTING OF VIOLATIONS

The PIT Regulations prohibit the communication of UPSI to any person except as required under law. Further, procuring any person to trade in the securities of any company on the basis of UPSI is also prohibited under SEBI Regulations.

The Company time to time make Designated Persons sensitize about the prohibition of Insider Trading and its potentially damaging impact on individuals as well as the Company and also on closure of trading window for dealing in securities of the Company in terms of SEBI (PIT) Regulations, 2015, from time to time.

The Designated person, who violates the provisions of the Code shall, in terms of Clause 10 of Code read with amended regulations vide SEBI gazetted notification dated 17th July, 2020 and SEBI Circular dated 23rd July, 2020, be subject to severe disciplinary action including imposition of penalty and the above action would be irrespective of action that would be taken by SEBI under the Regulations. Any amount collected under this clause shall require to be remitted to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act. The Company is also required to maintain database of violations of Code by Designated Person and their immediate relative.

Any action taken by the Company for violation of this code against any Designated Person will not preclude the SEBI from initiating any action for violation of the PIT Regulations or any other direction/order etc as given by SEBI from time to time.

Further, in terms of clause 13 of Schedule B read with Regulation 9 of the PIT Regulations, the Company is required to promptly inform the Stock Exchange(s) where the concerned securities are traded, regarding violations relating to Code under PIT Regulations in such form and manner as may be specified by the SEBI and Stock Exchange from time to time.

In case of any non-compliance with the provisions of Code of Conduct is observed, the compliance officer shall cause an internal investigation and may ask for further information/documents from insider, who violates the Code of Conduct. After detailed investigation if any non-compliance is established, the compliance officer shall report to the Chairman & Managing Director & CEO of the company along with report of investigation. On the basis of such report, the Chairman & Managing Director / CEO of the company shall decide further course of action including levy of penalty and/or reporting to the Audit Committee and Board of Directors. If the breach of the Code is established, the imposition of penalty and amount if any for such violation shall be decided by Chairman & Managing Director &CEO of the company. The action taken by Chairman, Managing Director & CEO in this regard will thereafter be placed in the Audit Committee/Board for information/confirmation

TYPE OF VIOLATIONS/BREACHES

A) Technical Breaches

1. Dealing in Securities of the Company without obtaining the pre-clearance when trading window is open.

2. Contra Trade by the Designated Persons when the trading window is open or not. *(**means** enter into an opposite transaction i.e. sell or buy any number of shares within 6 months following a prior transaction)*
3. Executing transaction after expiry of 7 (Seven) days from date of pre-clearance.
4. Misreporting/Non reporting of completion of transaction after pre-clearance.
5. Non-submission of forms and disclosures as required under the Code

B) Substantial Breaches

1. Trading for profiteering in shares during closure trading window period;
2. Dealing in securities on the basis of price sensitive Information;
3. Passing on price sensitive information or making recommendations directly or indirectly for dealing in securities on the basis of such information
4. Sharing/ Leak of UPSI
5. Non reporting of transactions aggregating to Rs.10,00,000/- (Rupees Ten Lakh Only) or more at any point of time. (such transaction should not be based on UPSI and should not be undertaken during trading window closure periods).
6. Non-compliance/delay in compliance with the remedial actions as may be imposed by the CMD/Audit Committee

The mechanism of reporting of violation of Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information will be as under:

S.no	Category of Designated Persons	Authority to take action in case of violations	Remarks
1	Designated Officer/Designated Employee other than Chairman, Managing Director, CEO and Whole time Director	Chairman, Managing Directors & CEO of the Company	Action taken would be promptly reported to SEBI/Stock Exchanges
2	All Directors of the Company including Independent Directors including **Chairman, Managing Director, CEO and Whole time Director**	Audit Committee/Board of Directors	
3	Promoter and Promoter group of the Company		

VARIOUS TYPES OF DISCIPLIANARY ACTION INCLUDING IMPOSITION OF MONETARY PENALITES

A) In case of Designated Employees

Any following action or a combination thereof be taken against Designated Employees on violation of Code, as may be decided by Chairman & Managing Director & CEO depending on the severity of each case:

a) Written Warning;
b) Internal Action, e.g. freeze on increment/promotion, change in role, job level, ineligibility for future participation in the Company's benefit Scheme;
c) Suspension or Employment Termination;
d) Levy of Monetary Penalty on following criteria:

S.no	Category of Designated Employee	Penalty	Penalty in case of Contra trade
1	All employees in Secretarial, Finance and Accounts, IT Department (below manager level);	Rs. 10,000 plus 1% of traded value	Twice of Penalty amount
2	Officers or Employee belongs to the level of Managers and above or its equivalent in all departments;	Rs. 25,000 plus 3% of traded value	
3	Employees upto one level below Chief Executive Officer and Managing Director;	Rs. 50,000 and 5% of traded value	
4	Employees of managerial level and above of Accounts and Secretarial Department of material subsidiary.	NA	

Notes:

1. The above actions are not mutually exclusive and more than one can be applied in any situation.

2. The CMD & CEO *while deciding the level of action may take into account factors such as knowledge of price sensitive information, profiteering motive, level of management responsibility of the individual concerned, numbers of securities transacted, whether the breach occurred as a result of deliberate intent or not. The Action taken by CMD & CEO will be placed in the meeting of Audit Committee/Board for their information.*

3. In case a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Securities and Exchange Board of India Act, 1992

B) **In case of Designated Persons other than Designated Employees**

The matter be placed before the next meeting of Audit Committee/Board for necessary action. Thereafter, the decision of Audit Committee/Board be communicated to SEBI/Stock Exchanges as required under PIT Regulations, as amended from time to time.

The Audit Committee/Board while deciding the level of action may take into account factors such as knowledge of price sensitive information, profiteering motive, level of management responsibility of the individual concerned, numbers of securities transacted, whether the breach occurred as a result

of deliberate intent or not. The above criteria may be taken as reference for initiating action by Audit Committee/Board, if deem fit.

THE ABOVE FRAMEWORK PROVIDES A GUIDE FOR DETERMINING THE APPROPRIATE ACTION BE TAKEN FOR A CODE BREACH AND CMD & CEO/AUDIT COMMITTEE/BOARD MAY DECIDE ANY OTHER ACTIONS NOT LISTED ABOVE AS MAY BE NECESSARY BASED ON CIRCUMSTANCES OF A PARTICULAR CASE.

ACTION TAKEN BY SEBI

The penal action taken by the Company for violation of this code against any Designated Person will not preclude the SEBI from initiating any action for violation of the Regulations or any other applicable laws, rules, directions, etc. Accordingly, in addition to the action taken by the Company, the person violating this Code and Regulations will also be subject to action by SEBI under relevant provisions of SEBI Regulations.

REVIEW/MODIFICATION OF FRAMEWORK

The above framework may be reviewed/modified by Board, as and when required

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