

# **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS**

## **1. PREAMBLE**

- (1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) ('the Regulations'), which came into force on 15<sup>th</sup> May 2015, require every listed company to have a Code of Conduct for its employees for the purpose of regulating, monitoring and reporting trading by them in the shares of Company.

## **2. APPLICABILITY**

- (1) This Code applies to the Designated Persons as defined below.

## **3. DEFINITIONS**

- (a) **“Board” means the Board of directors of the Company**
- (b) **“Act” means the Securities and Exchange Board of India Act, 1992;**
- (c) **“Code” means this code entitled ‘Code of Conduct to regulate, monitor and report trading by Insiders.’**
- (d) **“Company” means Sudarshan Chemical Industries Limited and includes Indian and Overseas subsidiaries of the Company.**
- (e) **“Connected Person” means –**
  - i. any person who is or has during the six (6) 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 officer(s) / Employee(s) 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/ herself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information (UPSI) or is reasonably expected to allow such access.
  - ii. In addition to the above, the following category of persons shall be deemed to be Connected Person(s) unless the contrary is established:
    - i) an Immediate Relative of Connected Persons specified in clause (i); or
    - ii) a holding company or associate company or subsidiary company; or
    - iii) an intermediary as specified in section 12 of the Act or an employee or

- director thereof; or
- iv) an investment company, trustee company, asset management company or an employee or director thereof; or
  - v) an official of a stock exchange or of clearing house or corporation; or
  - vi) a member of board of trustees of a mutual fund or a member of the Board of the asset management company of a mutual fund or is an employee thereof; or
  - vii) a member of the Board or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
  - viii) an official or an employee of a self-regulatory organization recognised or authorized by SEBI; or
  - ix) a banker of the company; or
  - x) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his / her Immediate Relative or banker of the company, has more than 10% of the holding or interest.

(f) **“Designated Persons”** means:

- i. All persons in the Promoter and Promoter Group;
- ii. All Directors (executive, non-executive and independent)
- iii. Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary & Compliance Officer and all employees working in their respective offices;
- iv. All employees working in the offices of the Chairman, Managing Director and Whole-time Director of the Company;
- v. All Functional / Departmental Heads by whatever name called including their personal assistants / secretaries; and
- vi. All employees of the Company in the grade of Manager and above;
- vii. All employees in Finance and Accounts and Legal and Secretarial Department and Business Excellence Department and Business Analytics Department who may be designated as such and informed by the Compliance Officer;
- viii. Any other employee as may be determined and informed by the Compliance Officer from time to time.
- ix. All Connected Persons as defined in Clause d.
- x. Immediate relatives of the abovementioned person(s)

(g) **“Securities”** means Equity Shares of the Company and Derivatives on shares of the Company.

(h) **“Trading day”** means a day on which the recognized stock exchanges are open for trading.

(i) **“Trading Window”** means a trading period for trading in the Company's

Securities as specified by the Company from time to time. All days shall be the Trading Period except when the Trading Window is closed.

All the other terms used in the Insider Trading Code shall have the same meaning as assigned to them under the Regulations.

- (j) **“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.

#### **4. COMMUNICATION OR PROCUREMENT OF UPSI**

4.1 All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the Insider’s legitimate purposes, performance of duties or discharge of his legal obligations. Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails: - an obligation to make an open offer under the Takeover Regulations or merger or acquisitions, where the Board is of informed opinion that the proposed transaction is in the best interest of the Company; or - not attracting the obligation to make an open offer under the Takeover Regulations but where the Board is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine. However, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

4.2 Need to Know: (i) “need to know” basis means 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. (ii) All non-public information directly received by any employee should immediately be reported to the head of the department. (iii) The Company shall have appropriate Chinese Walls procedures, and processes for permitting any designated person to “Cross the wall”.

4.3 Limited access to confidential information Files containing confidential information shall be kept secure. Computer files must have adequate security of

login and password, etc.

4.4 The Board shall ensure that a structured digital database is maintained containing the names of such person(s) or entity(ies) as the case may be with whom information is shared under this regulation along with the PAN or any other identifier authorised by law where PAN is not available. Such database shall be maintained with adequate internal controls and checks such as time stampings and audit trails to ensure non-tampering of the database.

4.5 UPSI communicated or provided for the “Legitimate Purposes” shall include sharing of UPSI in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade / circumvent the prohibition of these regulations. Any person in receipt of UPSI pursuant to the “Legitimate Purpose” shall be considered as insiders for the purpose of these regulations and due notice shall be given to such persons to maintain the confidentiality of such UPSI in compliance with these regulations.

## **5. COMPLIANCE OFFICER**

- (1) The Company Secretary of the Company shall be the Compliance Officer for the purpose of this Code, who is financially literate i.e. who is able to read and understand basic financial statements i.e. balance sheet, statement of profit and loss and statement of cash flows, and who is capable of appreciating and complying with legal and regulatory requirements under regulations and he / she shall be responsible for ensuring compliance with the Regulations and the Insider Trading Code.
- (2) The Compliance Officer shall report to the Board and provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board at such frequency as may be stipulated by the Board.
- (3) In case the Compliance Officer is not available for any reason for a period of 7 (seven) days or more, he shall delegate his authority to any executive as he may deem fit and appropriate who shall act as Compliance Officer during the period of his absence.

## **6. PROHIBITION TO TRADE IN SECURITIES OF THE COMPANY BY DESIGNATED PERSONS**

- (1) Designated Persons of the Company who are in possession of any UPSI must not:

- (a) trade in securities, either on their own behalf or on behalf of any other person, except provided otherwise;
- (b) communicate, counsel, procure or allow access to any UPSI to/from any person, except in furtherance of a legitimate object or performance of duties legal obligations, without a written permission of the Compliance Officer;
- (c) disclose / reveal the confidentiality of all price-sensitive information;
- (d) pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities; and
- (e) reveal all price-sensitive information relating to the Company within the organisation strictly on a 'need-to-know' basis.
- (f) When a person who has traded in securities has been in possession of UPSI, then such trades would be presumed to have been motivated by the knowledge / awareness of such information in his/ her possession.

## **7. TRADING WINDOW AND TRADING RESTRICTIONS**

- (1) Designated Persons must not buy or sell securities of the Company during the closure of the Trading Window, i.e. the period during which trading in the securities of the Company is prohibited, which would be communicated by the Company from time to time.
- (2) The Trading Window requirements under this Code shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.
- (3) Besides any other period notified by the Compliance Officer, the Trading Window shall be closed during the following periods:
  - i. From 1<sup>st</sup> April / 1<sup>st</sup> July / 1<sup>st</sup> October / 1<sup>st</sup> January of the Financial year till forty-eight hours after the announcement of the financial results for the relevant period to the Stock Exchanges.
  - ii. From the date of circulation of the agenda for the meeting of the Board in which it is proposed to consider and decide any material price-sensitive and unpublished event, including the following:
    - (a) Issue of securities;

- (b) Buy-back and splitting of securities;
- (c) Dividends;
- (d) Significant expansion plans or new projects;
- (e) Acquisition, amalgamation, merger, takeover of companies/businesses;
- (f) Disposal of whole or substantially the whole of the undertaking;
- (g) Significant changes in plans or operations of the Company.

- (4) The Trading Window will open forty-eight hours after the close of the Board meeting at which decisions in respect of the above events is taken or after the information in respect of the above events is made public, whichever is later.
- (5) If any trade is executed while in possession of UPSI, such trade would be presumed to have been motivated by the knowledge and awareness of such information.

Provided that, the insider may prove his / her innocence by demonstrating the circumstances as explained in the Regulation 4 of the Regulations.

## **8. PROCEDURE OF PRE-CLEARANCE OF TRADE**

- (1) Designated Persons must take pre-clearance from the Compliance Officer in respect of purchase or sale of securities of the Company, if the quantity of securities exceeds 500 in a month (either in one transaction or in a series of transactions) in Annexure III and IV. Any purchase or sale of securities by the Compliance Officer must take pre-clearance from the Managing Director.
- (2) Purchase or sale transactions, for which pre-clearance has been obtained, must be executed within seven trading days after the pre-clearance is given, failing which a fresh pre-clearance must be obtained.
- (3) Designated Persons having obtained pre-clearance must file with the Compliance Officer the details of the transactions in Annexure VI within seven trading days from the expiry of the specified period, as mentioned in the pre-clearance given by the Compliance Officer, even if the transaction has not been undertaken.
- (4) Designated Persons in possession of UPSI need not apply for any pre-clearance if the trading window is not closed.
  - (a) Before approving any trade, the Compliance Officer may seek a declaration to the effect that the applicant for pre-clearance is not in possession of any UPSI, or that he would ensure that such UPSI becomes generally available before commencement of trade.

- (b) The Compliance Officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for preclearance of trades.
- (c) The Compliance Officer shall maintain the record of the approved trading plans for a minimum period of 5 (five) years from the date of execution of the trade.

## **9. MINIMUM HOLDING PERIOD**

- (1) Designated Persons who buy or sell any number of securities of the Company must not enter into an opposite transaction / contra trade i.e. sell or buy any number of securities during the next six months from the date of the prior transaction, except when the reasons are recorded by the Designated Persons in writing with the Compliance Officer and provided that such relaxation to enter into opposite transaction does not violate the Regulations.
- (2) If any opposite transaction is 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 for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act, 1992.
- (3) The provisions of the (1) and(2) above shall not be applicable for trades pursuant to exercise of stock options

## **10. THRESHOLD LIMIT AND DISCLOSURES FOR DESIGNATED PERSONS**

- (1) Designated Persons must make the following disclosures to the Compliance Officer concerning securities held by them in the Company:
  - (a) the number of securities held and position taken in derivatives by Designated Persons in the required format within seven days of becoming a Designated Employee;
  - (b) the number of securities acquired or disposed of in **Form ....** 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 ten lakh rupees, within two trading days of such transaction.
  - (c) PAN or any other identifier authorised by the law and names of the Designated Persons, immediate relatives of Designated Persons, persons with whom such Designated Persons share a material financial

relationship, Phone, mobile and cell numbers used by them shall be disclosed to the Company on annual basis, and in the event of any change.

(d) In addition, names of the educational institutions from which Designated Persons have graduated, names of their past employees shall also be disclosed on a one time basis.

(e) For the purpose of this regulation, the term “material financial relationship” shall have the same meaning as mentioned in the Regulations

## **11. TRADING RECORDS**

(1) The Compliance Officer must maintain record of all the disclosures and declarations made in the appropriate form for a minimum period of five years.

(2) The Compliance Officer shall also maintain record of the Designated Persons and any changes therein, as mentioned above

## **12. PENALTIES FOR CONTRAVENTION**

(1) Designated Persons who trade in securities or communicate any information for trading in securities in contravention of the provisions of this Code shall be liable to an appropriate penalty to be decided by the Compliance Officer in consultation with the Managing director.

(2) Designated Persons who violate the provisions of this Code shall be subject to disciplinary action by the company which may include wage freeze, suspension, and ineligibility for future participation in Employees Stock Option Scheme etc.

(3) Regardless of any penal action taken by the Company, it shall not in any way preclude SEBI from taking any action in violation of the Regulations.

(4) Any material contravention of the Insider Code shall be placed before the Stakeholder’s Grievance Committee and actions shall be initiated with due consultation with the Managing Director and Stakeholder’s Grievance Committee of the Company.

(5) The Compliance Officer shall inform SEBI promptly regarding any violation of the Regulations by any Designated Persons.

## **13. AUTHORITY TO MAKE ALTERATIONS**

(1) The Board of Directors are authorized to make such alterations to this Code as considered appropriate, subject, however, to the condition that such alterations



shall not be inconsistent with the provisions of the Regulations.

#### **14. MODIFICATIONS**

Any modification to this Code shall be made with the prior approval of the Board.

Policy approved by the Board	Board Meeting held on 15 <sup>th</sup> May, 2015
Amendment to the policy	Board Meeting held on 27 <sup>th</sup> March, 2019