

# **IOL CHEMICALS AND PHARMACEUTICALS LIMITED**

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

### **PREAMBLE**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, (hereinafter referred to as the 'Regulations') requires a Company to frame a **Code of Conduct for prevention of insider trading** by employees of the Company, including the Directors, in relation to the securities of the Company.

In line with the said Regulations, this Code for Prevention of Insider Trading has been formulated and adopted by the Board of Directors of the Company to be effective from 01.05.2005

### **Contents of code**

- 1. Definitions**
- 2. Interpretation**
- 3. Prohibition to buy / sell securities of the company by the employees, including directors**
- 4. Restriction to buy / sell securities by designated employees**
- 5. Disclosures**
- 6. Penalties for contravention**
- 7. General**
  - Annexure 1 – Pre-clearance of the transaction**
  - Annexure 2 – Initial disclosure of securities**
  - Annexure 3 – Annual disclosure and disclosure of transactions**
  - Annexure 4 - Change in Shareholding in excess of prescribed limits-**

### **1. DEFINITIONS**

**1.1 'Code'** means this Code for Prevention of Insider Trading

**1.2 'Company'** means <sup>1</sup>[IOL Chemicals and Pharmaceuticals Limited]

**1.3 'Compliance Officer'** shall mean Company Secretary of the Company.

**1.4 'Dealing in Securities'** means subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities either as principal or agent .

**1.5 'Designated Employee'** shall mean:-

- a) All Directors, Executive and Non-Executive;
- b) All Vice Presidents and above
- c) All employees of Finance & Accounts and Legal & Secretarial Departments; and
- d) Other employees as designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.

**1.6 'Dependent Family Members'** shall mean the employee's spouse, dependent parents and dependent children;

**1.7 'Price Sensitive Information'** any information, which relates directly or indirectly to the company and which if published, is likely to materially affect the price of securities of Company. The following is deemed to be price sensitive information:-

- a) Periodical financial results of the company;
- b) Intended declaration of dividends (both interim and final);
- c) Issue of securities or buy-back of securities;
- d) Any major expansion plans or execution of new projects;
- e) Amalgamation, mergers or takeovers;
- f) Disposal of the whole or substantial part of the undertaking; and
- g) Any significant changes in policies, plans or operations of the company.
- h) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;

**1.8 'Insider Trading':** When insiders use unpublished price sensitive information to arrive at securities trading (including buying as well as selling) decisions, the action is referred to as insider trading;

**1.9 'Insider'** means <sup>2</sup>[any person who,

(i) is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or

(ii) has received or has had access to such unpublished price sensitive information"]

**1.10 'Connected Persons'** means any person who

1. is a director of the company; or
2. an officer or employee of the company; or
3. has a professional or business relationship with the company

**1.11 'Deemed Connected Persons'** means and includes:

1. Any group company, company under the same management or subsidiary of the Company;
2. Dependent Family Members of Connected Persons;
3. Bankers of the Company;
4. Merchant Banker, Share Transfer Agent, Registrar to an issue, Debenture Trustee, Broker, Portfolio Manager, Investment Advisor, Sub-broker or any employee thereof having a fiduciary relationship with the Company;
5. Trustees of any trust the beneficiaries of which include any of the Connected Persons;
6. Trustees of any trust who are conferred with the Power of Attorney to act on behalf of beneficiaries in respect of securities of the Company;
7. Any person who was a connected person, whether temporary or permanent six months prior to an act of insider trading;
8. Persons having professional or business relationship between themselves and the company, whether temporary or permanent and by virtue of such relationship are expected to be in possession of price-sensitive information;
9. Any other person or category of persons mentioned in Regulation 2 of the SEBI (Prohibition of Insider trading) Regulations, 1992;

## **2. INTERPRETATION**

2.1 Terms that have not been defined in this Code shall have the same meaning assigned to them in the Companies Act, 1956 and/or any other SEBI Regulation(s) as amended from time to time.

2.2 This Code can be modified/amended/alterd only by Board of Directors of the Company.

## **3. PROHIBITION TO BUY / SELL SECURITIES OF THE COMPANY BY THE EMPLOYEES, INCLUDING DIRECTORS**

3.1 Employees including directors when in possession of any unpublished price sensitive Information, as defined in the regulations, pertaining to the Company, shall not:

- 1 Buy/sell securities of the Company, either on their own behalf or on behalf of any other person.
- 2 Communicate, counsel or procure any unpublished price sensitive information to/from any person.

#### 4. RESTRICTION TO BUY / SELL SECURITIES BY DESIGNATED EMPLOYEES

4.1 Designated Employees shall not buy/sell securities of the Company during Closure of the 'Trading Window', i.e. the period during which trading in the securities of the Company is prohibited.

4.2 The closure of trading Window shall commence as follows:

<b>Nature of financial results</b>	<b>Date of declaration</b>	<b>Date of closure of trading window</b>
Un-audited Results for the first quarter	On or before 31 <sup>st</sup> July	From 1 <sup>st</sup> July
Un-audited Results for the second quarter/Half year	On or before 31 <sup>st</sup> October	From 1 <sup>st</sup> October
Un-audited Results for the third quarter	On or before 31 <sup>st</sup> January	From 1 <sup>st</sup> January
Audited Results for the financial year	On or before 30 <sup>th</sup> June	From 1 <sup>st</sup> April

The Trading Window shall be opened after passing of 48 hours of conclusion of Board Meeting in which the Financial Results as above are approved.

4.3 The trading window for following events shall be advised by the Compliance officer appointed by the Board for the purpose of this Code:

- 4.3.1 Proposal in respect of issue of securities by way of public/ rights/ bonus etc. and buyback;
- 4.3.2 Proposal in respect of significant expansion plans or execution of new projects;
- 4.3.3 Proposal in respect of amalgamation, mergers, takeovers ;
- 4.3.4 Proposal in respect of disposal of whole or substantially the whole of the undertaking;
- 4.3.5 Declaration of Dividends (Interim and Final);
- 4.3.6 Any change in Policies, plans or operations of the Company; and
- 4.3.7 Any other information which can be considered to be price sensitive

4.4 Designated Employees are required to obtain the pre-clearance of the proposed acquisition/purchase/sale transactions by themselves or through their dependent family members as per the procedure described hereunder if the said transaction of the securities of Company is in excess of 2,500 shares in a single day. The application for pre-clearance shall be made to compliance officer of the company in format specified in the Code. Such purchase / sale of securities by the Compliance Officer shall require prior clearance from the Managing Director.

4.5 Each Designated Employee shall execute an undertaking in favour of the Company in the prescribed pro-forma , incorporating, inter alia, the following clauses, as may be applicable -

- 4.5.1 That he/she does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.
- 4.5.2 That in case he/she has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public/furnished to stock exchanges.
- 4.5.3 That he/she has not contravened the code of conduct for prevention of insider trading as notified from time to time.
- 4.5.4 That he/she has made a full and true disclosure in the matter
- 4.5.5 The Compliance Officer will scrutinize the application within 2 working days of submission and communicate the approval/ refusal (alongwith reasons therefore) to the applicant. The decision of the Compliance Officer in this regard will be final. In the

absence of the Compliance Officer, the pre-clearance application will be decided upon by the Managing Director.

- 4.6 The pre-clearance approval shall be valid only for one week from the date of communication and shall lapse thereafter. If the transaction is not consummated within one week from the approval date, the pre-clearance will lapse, The designated employees will be required to follow the process of pre clearance again.
- 4.7 <sup>3</sup>[All designated employees who buy into or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All designated employees shall not take positions in derivative transactions in the shares of the company at any time.

In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

However, in circumstances of personal emergency, an application may be made to the Compliance Officer requesting for a waiver of the holding period, explaining reasons for the same. The application for permission to sell securities within given restricted period shall be made to compliance Officer of Company in format specified in of the Code. The Compliance Officer, on being satisfied of the reasons may grant a waiver from this condition. In respect of the Compliance Officer, such relaxation shall require prior approval of the Managing Director.]

- 4.8 The requirements of pre- clearance of a proposed transaction shall not apply in the following cases:
- 4.8.1 In the event of participation of a public event i.e a rights or a bonus issue.
- 4.8.2 In the case of any acquisition of shares through transmission or inheritance, or like mode.
- 4.8.3 By way of any court settlement or award thereof.

## 5.0 DISCLOSURES

- 5.1 Designated Employees shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the Compliance Officer:

Periodicity of Disclosure	Disclosure Requirement	Time period within which disclosure is to be made
Initial Disclosure by Designated Employee	Number of Securities or voting rights held by them & their dependent family members (as per format specified in the Code).	Within <sup>4</sup> [2] days of his becoming designated employee of the Company. In case of existing designated employee within <sup>4</sup> [2] days of coming into effect of this Code.
Annual Disclosure including sale and purchase of shares by all Designated Employee	Number of Securities or voting rights held and transacted by them & their dependent family members (as per format specified in the Code).	Annual disclosure of number of securities held as on 31 <sup>st</sup> March shall be made <b>within 30 days.</b>
Disclosure by Designated Employee if there has been Change in holding and such change exceeds Rs. 5 lacs in market value or 25,000 shares or 1% of the total shareholding of the Company or any other limit notified by SEBI, whichever is lower	Number of Securities or voting rights held by them & their dependent family members(as per format specified in The Code).	Within <sup>4</sup> [2] working days of acquisition/sale / transfer / of shares.

## 6.0 PENALTIES FOR CONTRAVENTION

6.1 Violation of this Code will invite severe disciplinary action. Such disciplinary action will be irrespective of action that may be taken by SEBI under the Regulations.

## 7.0 GENERAL

Employees are advised to persue the Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time, carefully and acquaint themselves with all the provisions contained therein. The Compliance Officer will be available for clarification / assistance that may be necessary.

---

1. *Substituted by Board Resolution dated 23.01.2009 for 'Industrial Organics Limited'*

2. *Substituted by Board Resolution dated 23.01.2009 for 'any person who is or was a "Connected Person" or a "Deemed Connected Person" and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or who has received or has had access to such unpublished price sensitive information.'*

3. *Substituted by Board Resolution dated 23.01.2009 for 'All Securities acquired by Designated Employees must be held for a minimum period of 30 days. However, in circumstances of personal emergency, an application may be made to the Compliance Officer requesting for a waiver of the holding period, explaining reasons for the same. The application for permission to sell securities within 30 days of Purchase shall be made to compliance Officer of Company in format specified in of the Code. The Compliance Officer, on being satisfied of the reasons may grant a waiver from this condition. In respect of the Compliance Officer, such relaxation shall require prior approval of the Managing Director.'*

4. *Substituted by Board Resolution dated 23.01.2009 for '4'*