



CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

CORPORATE POLICIES



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CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

Regulation 9(1) of the newly introduced SEBI (Prohibition of Insider Trading) Regulations, 2015 (the “Regulations”) requires a listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its **designated persons and immediate relatives of designated persons**, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations.

Accordingly, in supersession of the previous Code dated 01 May 2005, a Code of Conduct to Regulate, Monitor and Report Trading by Insiders (the “Code”) for IOL Chemicals and Pharmaceuticals Limited (the “Company”) is hereby framed as under -

IMPORTANT DEFINITIONS

1. In this Code:

- (1) “**Company**” means IOL Chemicals and Pharmaceuticals Limited.
- (2) “**Compliance Officer**” means Company Secretary of the Company.
- (3) “**Connected Person**” means:
 - (a) any person who is or has during the six months prior to the concerned act been associated with a 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
 - (b) 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,-
 - (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 directors of the asset management company of a mutual fund or is an employee thereof; or
 - (vii) a member of the Board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - (viii) an official or an employee of a self-regulatory organization recognised or authorized by the Board; 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 the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.
- (4) “**Generally available Information**” means information that is accessible to the public on a non-discriminatory basis.

- (5) **“Insider”** means any person who,
- (a) a connected person; or
 - (b) in possession of or having access to unpublished price sensitive information.
- (6) **“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.
- (7) **“Regulations”** means SEBI (Prohibition of Insider Trading) Regulations, 2015.
- (8) **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.
- (9) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading;
- (10) **“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:
- (a) financial results;
 - (b) dividends;
 - (c) change in capital structure;
 - (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
 - (e) changes in key managerial personnel; and
- (11) **“Legitimate Purpose”** shall include sharing of unpublished price sensitive information 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 or circumvent the prohibitions of these regulations.
- 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.
- Board of director shall maintained digital database 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 be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
- (12) Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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Reporting

2. The Compliance Officer shall report on insider trading to the Board of Directors (“Board”) and in particular, shall provide reports to the Chairman of the Audit Committee, at such frequency as may be stipulated by the Board but not less than once in a year.

Information on a need to know basis & Chinese Wall procedures

- 3 (1) All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- (2) Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:
 - (a) an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company; or
 - (b) not attracting 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 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.
- (3) 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.

Designated Persons

4. Designated Persons includes: Directors, Key Managerial Personnel, Promoters, Vice president and above in the company. Every employee in the grade of Assistant Manager and above in IT or Secretarial staff and Account and Finance Department and any other person as the Board shall in consultation with the Compliance Officer may specify from time to time on the basis of their role and/or relation with the Company.

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.

Prohibition on Trading of Securities

5. (1) No Designated Persons and immediate relatives of designated persons, either on his own or on behalf of any other person shall trade in the Securities of the Company when in possession of Unpublished Price Sensitive Information.
- (2) Trading pursuant to a Trading Plan:

Designated Persons who are perpetually in possession of Unpublished Price Sensitive Information shall be entitled to formulate a trading plan for trading in Securities of the Company in compliant manner subject to the following conditions:

- (a) Trading Plan shall (i) not entail commencement of trading on behalf of the Designated Persons earlier than **six months** from the public disclosure of the 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 issuer of the securities and the **second trading day** after the disclosure of such financial results; (iii) entail trading for a period of not less than **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.
- (b) Trading Plan shall be presented to the Compliance Officer for approval and public disclosure. The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take 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 the Regulations.
- (c) Upon approval of the Trading Plan, the Compliance Officer shall notify the Trading Plan to the stock exchanges.
- (d) The Trading Plan once approved shall be irrevocable and the Designated Persons shall mandatorily have to implement the Trading Plan, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the Trading Plan.

However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the Trading Plan, the Designated Persons is in possession of any Unpublished Price Sensitive Information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Trading Plan shall be deferred until such Unpublished Price Sensitive information becomes generally available information. Further, the Designated Persons shall also not be allowed to deal 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.

Trading Window

6. (1) The trading window shall be closed from the date of intimation of Board Meeting to Stock Exchange for consideration of any Unpublished Price Sensitive Information. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.
- (2) The Trading Window shall re-open after 48 hours of the unpublished price sensitive information communicated to the stock exchanges and made public.
- (3) No insider shall trade in securities on a stock exchange when in possession of unpublished price sensitive information. However the insider may prove his innocence by demonstrating the circumstances as provided under regulation 4 such as off market inter-se transfer between insider, in case on non-individuals insiders, individuals who were in possession of unpublished price sensitive information were different from individuals taking decisions or trades were pursuant to a trading plan set up in accordance with regulation 5.

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.

- (4) In the case of connected persons the onus of establishing that they were not in possession of unpublished price sensitive information shall be on such connected person.
- (5) In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, trading of shares allotted in exercise of ESOPs shall not be allowed when trading window is closed.
- (6) Trading window norms shall not be applicable for trades carried out in accordance with an approved trading plan.

Pre-clearance of trades

7. (1) When the trading window is open, trading by designated persons shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trade(s) exceeds Rs. 10 lacs (Ten lacs) or 10,000 (Ten thousand) equity shares, whichever less, in any quarter, or such other limits as the Board of Directors may stipulate. Designated persons shall require pre-clearance from the Compliance Officer in Application-cum-undertaking for pre-clearance (enclosed as Annexure I).

Pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

- (2) Prior to approving any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- (3) Order in respect of securities shall be executed within seven trading days after approval is granted by the Compliance Officer, failing which fresh pre-clearance would be needed for the trades to be executed.

- (4) A designated person who is permitted to trade shall not execute a contra trade within a period of six months following the prior transaction. Relaxation may be given from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations. In the event, any such contra trade 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 SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act. This shall not be applicable for trades pursuant to exercise of stock options.

Restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

Disclosure Responsibilities & formats

8. The disclosures to be made by any person shall include those relating to trading by such person's immediate relatives and by any other person for whom such person takes trading decisions.

(1) Initial Disclosures of holdings

- (a) Every promoter, key managerial personnel and director of the Company shall disclose in the 'Form A' as prescribed under the Regulations (enclosed as Annexure II), his holding of securities of the Company as on the date of these Regulations taking effect i.e. 15 May 2015 to the Company within thirty days of these Regulations taking effect that is on or before 14 June 2015.
- (b) Every person on appointment as a key managerial personnel or a director of the Company or upon becoming prescribed under the Regulations (enclosed as Annexure III), his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter.

(2) Continual Disclosures of trades

- (a) Every promoter, designated person and director of the Company shall disclose to the Company in the 'Form C' as prescribed under the Regulations (enclosed as Annexure IV), the number of such securities acquired or disposed of within 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 Rs.10,00,000/- (Rupees Ten lakh) or such other value as may be specified;
- (b) The Company shall within a period of two trading days from the date of receipt of such disclosures, inform the Stock Exchanges particulars of such trading as per the form specified by the SEBI under the Regulations.

- (3) Every designated person shall report his holding in securities on an annual basis within 30 days of end of the financial year in 'Form D' as prescribed under the Regulations (enclosed as Annexure V).

(4) Designated persons shall be required to disclose names and Permanent Account Number 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

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 during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

Penalty for contravention of Code of Conduct

9. Any Designated Person contravening the Code will be liable to penalty and appropriate disciplinary action including remuneration freeze, suspension, dismissal, recovery, claw back etc. as may be decided by the Chairman of the Board in consultation with the Compliance Officer.

In case it is observed by the company that there has been a violation of these regulations, it shall inform the Board promptly.

Applicability of the Code to certain persons

10. The Regulations apply to certain persons who by being in any contractual, fiduciary or employment relationship or holding any position including a professional or business relationship with the Company whether temporary or permanent have access, directly or indirectly, to unpublished price sensitive information or are reasonably expected to allow such access. They are advised to adhere to the Regulations strictly. In case it is observed by such persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these Regulations, they shall inform SEBI promptly, with a copy to the Company.



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