

GUJARAT ALKALIES AND CHEMICALS LTD.



**Policy on Code of Conduct to Regulate, Monitor and Report
Trading by Insiders**
[Effective from 01.04.2019*]

** amended as per the authority given by the Board of Directors vide resolution dated 31.01.2019*

GUJARAT ALKALIES AND CHEMICALS LIMITED
PO. PETROCHEMICALS : 391 346
DIST. : VADODARA

CIN : L24110GJ1973PLC002247

Code of Conduct to Regulate, Monitor and Report Trading by Insiders

1. Introduction

The Securities and Exchange Board of India (“SEBI” or “the Board”) vide Notification No. LAD-NRO/GN/2014-15/21/85, dated 15th January, 2015, had issued SEBI (Prohibition of Insider Trading) Regulations, 2015 (“the Regulations” or “the new Regulations”). The Regulations came into force on the 120th (one hundred and twentieth day) from the date of its publication, i.e. on 15th May, 2015. Further, on becoming effective the new legislations, the SEBI (Prohibition of Insider Trading) Regulations, 1992 stood repealed. SEBI has vide Notification No. No. SEBI/LAD-NRO/GN/2018/59, dated 31st December, 2018 issued a SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 to further amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to be effective from 1st April, 2019. Accordingly, this Code of Conduct to regulate, monitor and report trading by Insiders has been amended to give effect to the new amendments.

2. Objective and effective date

The Regulations provides for formulation of Code of Conduct to regulate, monitor and report the trading in securities by Insiders. Therefore, this Code of Conduct is formulated. This Code of Conduct has become effective from 15th May, 2015.

3. Definitions

“**Act**” means the Securities and Exchange Board of India Act, 1992.

“**Board**” means the Board of Directors of the Company.

“**Code**” or “**Code of Conduct**” shall mean this Code of Conduct for Regulating, Monitoring and Reporting of trading by Insiders of Gujarat Alkalies and Chemicals Limited and as amended from time to time.

“**Company**” means Gujarat Alkalies and Chemicals Limited.

“**Compliance Officer**” means as defined under Regulation 2(1)(c) of the Regulations.

“**Connected Person**” means as defined under Regulation 2(1)(d) of the Regulations.

“Designated Persons” include the persons on the basis of their role and functions in the organization as under :

- (i) All employees in the grade of Deputy General Managers and above;
- (ii) All employees who are either member of Daily Production Committee (DPM) or who are attending the daily Production Committee Meeting irrespective of any designation or position;
- (iii) All the employees or any connected persons including any consultant, advisor or any other person who are holding unpublished price sensitive information irrespective of his or her designation or role / position;
- (iv) All employees in the Accounts / Finance, Secretarial, Legal, Corporate Communication and IT / MS Departments;
- (v) All employee working in the Office of Managing Director or any other Executive Director of the Company;
- (vi) All employees working for or in the office of Non Executive Director who are receiving unpublished price sensitive information;
- (vii) Employees of material subsidiaries of the Company on the basis of their functional role or access to unpublished price sensitive information by their Board of Directors;
- (viii) All promoters of the Company;
- (ix) All other persons as prescribed under Regulations;
- (x) Immediate relatives of the above Designated Persons of the Company and material subsidiaries of the Company; and
- (xi) any other officers or employees as may be identified by the Compliance Officer in consultation with the Managing Director of the Company, from time to time 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.

“Generally available Information” means information that is accessible to the public on a non-discriminatory basis.

“Immediate Relative” means as defined under Regulation 2(1)(f) of the Regulations.

“Insider” means as defined under Regulation 2(1)(g) of the Regulations.

“Key Managerial Person” means person as defined in Section 2(51) of the Companies Act, 2013.

“Legitimate Purpose” shall have meaning as per the explanation under Regulation 3(2A) of the Regulations.

“Promoter” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

"Regulations" mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

"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.

"Takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.

"Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities and "trade" shall be construed accordingly.

"Trading Day" means a day on which the recognized stock exchanges are open for trading.

"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, delistings, disposals and expansion of business and such other transactions;
- (v) changes in Key Managerial Personnel.

4. Preservation of "Price Sensitive Information"

4.1 The Insider shall not communicate, provide or allow access to any unpublished price sensitive information, relating to the Company (GACL) or its securities, to any person including other Insiders except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

4.2 No person shall procure from or cause the communication by any Insider of unpublished price sensitive information, relating to the Company (GACL) or securities of the Company except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

4.3 Unpublished Price Sensitive Information relating to the Company or securities of the Company can be shared by an Insider to any person including other insiders on exceptional basis for legitimate purposes as per the "Policy for determination of Legitimate Purposes".

4.4 In accordance with the provisions of Regulation 3(2A) of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has formulated a “Policy for determination of Legitimate Purposes” as a part of “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information” of the Company formulated under regulation 8.

4.5 The Insider in possession of unpublished price sensitive information shall handle with care and deal with such information strictly on a “need-to-know” basis.

4.6 Limited access to confidential information and creation of Chinese Walls by the Insider to protect the confidential information :

Insider possessing the confidential information shall take utmost care to keep the confidential information secured under the lock and key and shall not keep any confidential information in open condition. The Insider who is as a part of his / her duty, required to send the confidential information from the Company to the Directors or to any other person(s) or from one department to another department or within the department, he/she shall ensure that such confidential information must be sent only in a sealed cover mentioning thereon “**strictly confidential**” as per the nature of the information. It will be the duty of the Insider possessing such confidential information to safeguard such confidential information so that a Chinese Walls are created and no other employees / persons other than the persons who need to know, such information should be able to cross the wall. All the soft copies of confidential information must be stored in his computer with a secured password. In no event, the Insider possessing the confidential information in his computer or physically in his drawer should share his password or key, so as to prevent any unauthorized access to such information. In case Insider fails to take the necessary care to safeguard the confidential information, he will be liable for such violation including but not limited to necessary disciplinary actions shall be taken by the Managing Director / Compliance Officer of the Company. Looking to the seriousness of the default and the likely impact / violation of this Code of Conduct, the disciplinary action may include levying of penalty in monetary terms, forfeiture of profits, freezing of salary of the defaulter, or suspension of the defaulter etc.

4.7 The Company will maintain a structured digital database containing the names of such persons or entities as the case may be with whom information is shared under this Code / Regulations 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.

5. Dealing in Securities and trading restrictions

- 5.1 Employees and Connected Persons (“designated persons”) of the Company shall be governed for dealing the security and trading restrictions under this Code.
- 5.2 All designated persons shall be subject to trading restrictions enumerated below:
- a) All designated persons shall conduct all their dealings in the securities of the Company only during a valid “Trading Window”, i.e. the period during which dealing in securities of the company are allowed and which should not amount to Insider Trading.
 - b) All the designated persons shall not deal in securities of the Company during the periods when Trading Window is closed, or when he / she is holding unpublished price sensitive information or during any other period as may be specified by the Compliance Officer, from time to time. 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.
 - c) The Compliance Officer shall announce closure of Trading Window for the period, which shall start from the end of every quarter and ends after 48 (forty eight) hours after the declaration of financial results at the Board Meeting date and information becomes generally available. Provided that the designated persons shall not deal or trade in the securities of the Company when they are holding unpublished price sensitive information irrespective whether the Trading Window is closed or not. It will be the responsibility of designated persons to ensure that he/she or any of their immediate relatives shall not deal or trade in the securities of the Company while he/she is holding unpublished price sensitive information. The Compliance Officer, in consultation with the Managing Director of the Company, may determine the timing of starting of Trading Window Closure or opening of the Trading Window after taking into account various factors including unpublished price sensitive information becoming generally available, which in any event shall not be less than the period as specified above. .
 - d) The Trading Window 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.

- e) During the period when Trading Window is open, the designated persons may trade in the securities of the Company within the thresholds limit i.e. maximum 1,000 Equity Shares or such number of Equity Shares of which the total market value should not be more than Rs.6,00,000/- whichever is less.

(Amended vide approval of the Board at its 368th Meeting held on 03.08.2018).

- f) Trading in securities of the Company exceeding the threshold is subject to pre-clearance by the Compliance Officer. An application for pre-clearance by designated persons shall be made to the Compliance Officer in writing duly signed by the designated person. The designated person shall promptly provide such further information as may be required by the Compliance Officer necessary for giving pre-clearance permission to the designated person. The designated person shall deal with the securities of the Company only after receipt of pre-clearance permission from the Compliance Officer in writing.
- g) Such application for pre-clearance shall contain declaration from the applicant to the effect that he /she is not in possession of any unpublished price sensitive information. However, no designated person shall apply for pre-clearance of any proposed trade if he/she is in possession of unpublished price sensitive information even if the Trading Window is not closed.
- h) The designated person shall execute his/her trade/order for the securities within 7 days from the date of pre-clearance approval given by the Compliance Officer, failing which, the designated person shall apply for fresh pre-clearance. The designated person shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer in writing. In case the transaction is not undertaken, a report in writing to that effect shall also be submitted by the designated person to the Compliance Officer.
- i) The designated person who is permitted to trade shall not execute a contra-trade for a period of six months from the date of such execution. However, the Compliance Officer may grant relaxation from strict application of such restriction for reasons to be recorded in writing subject to compliance of the Regulations. The Compliance Officer while granting such relaxation, may specify such terms and conditions as the Compliance Officer may deem fit.
- j) If the contra-trade is executed, inadvertently or otherwise, in violation of such a restriction, the designated person shall bring this fact to the notice of Compliance Officer immediately and the designated person shall deposit the profit of such trade with the Compliance Officer by way of Cheque / Demand Draft immediately in the name of Investor

Education and Protection Fund or any other name as may be specified by SEBI from time to time which shall be remitted to SEBI for credit to the Investor Education and Protection Fund administered by SEBI.

- k) In case of such violation is repeated by the designated person, the Compliance Officer in consultation with the Managing Director may penalized such designated person with such penalty as may be deemed fit in addition to the forfeiture of profit as mentioned above.

5.3 Trading Plans

5.3.1 An Insider shall be entitled to formulate a trading plan for dealing 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/her behalf in accordance with such plan. The Insider shall be responsible, to comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as may be applicable from time to time and also to comply with the requirement of this Code of Conduct.

5.3.2 Such trading plan shall:

- (i) not entail commencement of trading on behalf of the Insider 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;
- (vi) not entail trading in securities for market abuse;
- (viii) any other requirement as may be specified by SEBI or by the Compliance Officer from time to time.

5.3.3 The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of the Regulations and may take such express undertakings as may be necessary or deemed fit to enable such assessment and to approve and monitor the implementation of the plan.

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.

- 5.3.4 The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the 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 plan, the Insider 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 and in such event, the Insider shall bring this fact to the knowledge of Compliance Officer and upon such receipt of information from the Insider, the Compliance Officer may if deemed fit, confirm the deferment of the commencement of the Plan until such unpublished price sensitive information becomes generally available information so as to avoid any violations under the Regulations.

- 5.3.5 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the Stock Exchanges on which the securities are listed.

5.4 General Provisions

- 5.4.1 The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

- 5.4.2 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 Code. Provided that if trading in derivatives of the securities of the Company is not permitted under any other Law(s), the Insider shall not deal with the such derivatives of securities of the Company in whatsoever manner.

- 5.4.3 The disclosures made under this Code shall be maintained by the Company, for a period of five years.

- 5.4.4 (a). Initial Disclosures:

Every promoter, key managerial personnel and director of the Company shall disclose his holding of securities of the Company as on the date of these regulations taking effect, to the Company within thirty days (30) of these regulations taking effect;

Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter shall disclose his holding of securities of the Company as on the date of

appointment or becoming a promoter, to the company within seven days (7) of such appointment or becoming a promoter.

(b). Continual Disclosures:

Every promoter, designated person and director of the Company shall disclose to the Company 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 ten lakh rupees or such other value as may be specified;

The Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

5.4.5 The Insider and all other connected persons shall also be liable to comply with all the relevant provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as may be applicable from time to time in addition to the provisions of this Code of Conduct.

6. Disclosure / Compliance by other connected persons

Any person/s who is in receipt of unpublished price sensitive information of the Company either directly or indirectly, shall be obliged to comply with the provisions of the Regulations and the provisions of this Code of Conduct and they may be required to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor the compliance of these regulations.

7. Leak or suspected leak of unpublished price sensitive information

Any leak or suspected leak of unpublished price sensitive information shall be subject to inquiry as per the procedures prescribed under the "Whistle Blower Policy" (Annexure - A).

8. Penalty

8.1 Insiders who deal in securities of the Company or communicates any unpublished price sensitive information relating to the Company or its securities, shall be penalized and appropriate actions shall be taken by the Company against such person.

8.2 Any Insider, who violates the Code shall also be subject to the disciplinary actions by the Company which may include wage freeze, suspension, recovery, clawback, termination or any other penalty as may be deemed fit by the Compliance Officer in consultation with the Managing Director or the Chairman of the Audit Committee / Chairman of the Company.

9. Information to SEBI

In case it is observed by the Company that there has been a violation of these regulations, it shall inform the SEBI promptly and such violation shall be dealt with by SEBI in accordance with SEBI Act, 1992.

Annexure A

WHISTLE BLOWER POLICY UNDER THE CODE OF CONDUCT

[Pursuant to Regulation 9A(5), (6) & (7) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]

1. INTRODUCTION

- 1.1 SEBI (Prohibition of Insider Trading)(Amendment) Regulations, 2018 has mandated every listed company to formulate a written policy and procedures for inquiry in case of leak or suspected leak of unpublished price sensitive information and whistle blower policy to make employees aware of such policy and to enable them to report instances of leak of unpublished price sensitive information. Accordingly, this Whistle Blower Policy is formulated which sets out the procedure to be followed when reporting of leak or suspected leak of unpublished price sensitive information by the employee and inquiries / actions to be initiated by the Company, based on such reporting.

2. KEY TERMS AND DEFINITIONS

- 2.1 **“Employee”** means employee or Director of the Company;
- 2.2 **“Inquiry Committee”** shall consist of minimum three (3) members which shall include Managing Director, Chief Financial Officer and Compliance Officer and other members as may be decided by the Members of the Committee;
- 2.3 **“Protected Disclosures”** means disclosure of a reportable matter in accordance with this Policy;
- 2.4 **“Reportable Matter”** means any genuine concern relating to:
- actual or suspected leak of unpublished price sensitive information;
 - misuse or unwarranted use of unpublished price sensitive information;
 - unfair trade practices in dealing in securities of the Company; and
 - breach of the Code of Conduct.
- 2.5 **“Whistle Blower”** means any employee who makes protected disclosure under this Policy.

3. POLICY

- 3.1 Protected Disclosures are to be made whenever the employee becomes of a Reportable Matter promptly.
- 3.2 Protected Disclosures are to be made through letter to the “Inquiry Committee”, Gujarat Alkalies and Chemicals Limited, P.O. Petrochemicals 391346, Dist. Vadodara”, to be marked as “Private and Confidential”.
- 3.3 The Protected Disclosure should include as much as possible information concerning Reportable Matter to enable the proper investigation of the Reportable Matter. To the extent possible, following information shall be provided:

a) the nature of Reportable Matter (for example: leak or suspected leak of unpublished price sensitive information or violation of code of conduct etc)

b) the name(s) of persons to which Reportable Matter relates;

c) the relevant factual background concerning the Reportable Matter (for example in case of leak of unpublished price sensitive information, please provide circumstances and timing of the violation).

3.4 To enable investigation under the Policy, Whistle Blowers shall be required to provide their name, employee code and contact details whenever they make a Protected Disclosure under this Policy. Any anonymous protected disclosure shall not be entertained under this Policy.

3.5 The Company, suo moto, may also initiate inquiries in case of a Reportable Matter.

4 PROTECTION TO WHISTLE BLOWER

4.1 The identity of Whistle Blower under this Policy and the fact that the Protected Disclosure has been made shall be kept confidential except as otherwise required by law to the extent possible while investigation to proceed.

4.2 Whistle Blower may make Protected Disclosure without fear of retaliation or intimidation. The Company prohibits its employees from engaging in retaliation or intimidation that is directed against the Whistle Blower. Employees who engage in retaliation or intimidation in violation of this policy will be subject to disciplinary action, which may include dismissal from employment.

4.3 If Whistle Blower has been found to have made a deliberately false Protected Disclosure than Whistle Blower may be subject to disciplinary action, which may include dismissal.

5. INQUIRY COMMITTEE

5.1 The Inquiry Committee shall be responsible to:

(a) conduct preliminary inquiry to ascertain the facts/information contained in the Reportable Matter;

(b) to authorize any other person to collect further material/evidence to support the Reportable Matter;

(c) to decide the penal actions thereon;

(d) to intimate the Reportable Matter to the Regulatory Authority (like SEBI, Stock Exchange etc), inquiries conducted and results of such inquiries.

6. INVESTIGATION

On becoming aware of suomoto or otherwise on receipt of the Reportable Matter, the Inquiry Committee shall follow the below mentioned procedure in order to inquire and/or investigate the matter:

(a) Preliminary Enquiry:

Preliminary enquiry is a fact-finding exercise. The object of preliminary enquiry is to ascertain the truth or otherwise of the allegations contained in the Reportable Matter and to collect necessary available material in support of the allegations therein, and thereafter to decide whether there is justification to embark on any disciplinary action.

The Inquiry Committee shall appoint and/or authorize any person(s), as it may deem fit, to initiate/conduct an inquiry to collect the relevant fact, material substances on the Reportable Matter.

(b) Report of Preliminary Enquiry to the Inquiry Committee:

The Person(s) appointed / authorized to inquire the Reportable Matter will submit his/her report to the Inquiry Committee within 7 days from the date of his appointment/authorisation.

The Company will file its report on the Inquiry with the regulatory authority (SEBI, Stock Exchange etc.)

(c) Disciplinary Action:

The Disciplinary action(s) shall include wage freeze, suspension, recovery, termination of employment etc., as may be decided by the Members of the Committee.
