

GARG ACRYLICS LIMITED

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

I. INTRODUCTION

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (hereinafter referred to as the 'Regulations') requires the listed Companies to frame a Code of Conduct for Prevention of Insider Trading.

II. APPLICABILITY

This Code of Conduct for Prevention of Insider Trading is applicable on all employees and other connected persons who have access to or could have access to unpublished price sensitive information about the Company. Such persons are required to comply with this Code and to make the necessary disclosures as per Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as adopted by the Company.

III. DEFINITIONS

1. "**Act**" means the Securities and Exchange Board of India (SEBI) Act, 1992 (15 of 1992), Rules framed thereunder and any amendments thereto;
2. "**Board of Directors**" or "**Board**", means the collective body of the Directors of the GARG ACRYLICS LIMITED;
3. "**Code**" means this Code of Conduct for Prevention of Insider Trading.
4. "**Company**", "**This Company**" or "**The Company**", wherever occur in the policy shall mean "**Garg Acrylics Limited**".
5. "**Designated Persons**" means:
 - a) All Directors;
 - b) Key Managerial Personnel (KMP's) as per Companies Act, 2013
 - c) All employees of Chief Manager cadre and above;
 - d) Promoters/Promoter Group of the Company;
 - e) Persons in contractual, fiduciary or advisory relationship with the Company i.e. consultants, retainers, auditors, law firms, analysts etc.
 - f) Other persons as designated by the Board of Directors in consultation with Compliance Officer of the Company, from time to time; and
 - g) Immediate relatives of persons covered under clause (a) to (f) above.
6. "**immediate relative**" means 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. **"insider"** means any person who is:
 - i. connected person; or
 - ii. in possession of or having access to unpublished price sensitive information;
8. **"Promoters/ Promoter Group"** means the Promoters/ Promoter Group as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and as amended from time to time.
9. **"Stock Exchange"** shall mean National Stock Exchange of India Limited, BSE Limited and any other stock exchange(s) on which the securities of the Company are listed for the time being.
10. **"Trading"** means and includes subscribing, buying, selling, dealing (including pledging), or agreeing to subscribe, buy, sell, deal in any securities of the Company and "trade" shall be construed accordingly ;

Other terms not specifically defined here shall have the same meaning as assigned under the said Regulations.

IV. CODE

1. PRESERVATION OF "UNPUBLISHED PRICE SENSITIVE INFORMATION" AND PROHIBITION TO DEAL/BUY/SELL/PLEDGE ETC SECURITIES OF THE COMPANY BY INSIDERS

- The insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not pass on such information to any person directly or indirectly by way of making a recommendation for the Dealing, purchase or sale of securities.
- The insiders when in possession of any unpublished price sensitive information pertaining to the Company shall not:
 - Deal/Buy/sell securities of the Company, either on their own behalf or on behalf of any other person.
 - Communicate, counsel or procure any unpublished price sensitive information to/ from any person.

2. NEED TO KNOW

Unpublished Price Sensitive Information is to be handled on a "need to know" basis i.e. Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the

information to discharge their official duties.

A Chinese wall exists between members of respective departments and of the rest of Company. This Chinese wall is designed to isolate activities of one department from other in order to restrict the dissemination of information obtained by the respective departments/ members on a "need-to-know" basis.

This Chinese wall is supported by the following procedures:

- Physical separation of each Department;
- Limiting computer access to the Inter-department network;
- Restriction on access to data via pen drives, external hard drives etc;

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. RESTRICTION TO DEAL/ BUY / SELL/ PLEDGE ETC SECURITIES

- ❖ The Designated Persons shall not deal/ buy/sell/ pledge etc 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. The Designated persons shall conduct all their dealings in the securities of the Company only during an open trading window and shall not deal in any transaction involving the purchase/ sale/ pledge etc of the Company's securities during the periods when the trading window is closed.
- ❖ The closure of trading Window for the purposes for which a specific notice/ intimation is required to be given to Stock Exchange shall commence from the date on which intimation of the date of Board meeting for consideration of any Unpublished Price Sensitive Information is given to Stock Exchange. However, if the circumstances so warrants, the time for closing of trading window may be increased or decreased by the Compliance Officer. The Trading Window shall be opened on third calendar day from the day on which the Price sensitive information is communicated to the Stock Exchange and becomes generally available.
- ❖ The closure of the trading window for the purposes for which no specific notice/ intimation is required to be given to Stock Exchange shall be advised by the Compliance Officer of the Company, while the Trading Window shall be opened on third calendar day from the day on which Price sensitive information is communicated to the Stock Exchange and becomes generally available.
- ❖ In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale/pledge of shares allotted in exercise of ESOPs shall not be allowed when trading window is closed.
- ❖ Designated Persons who deal, buy 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. However, the Compliance Officer(s) is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. If 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 SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act. The application for this approval should be made to the Compliance Officer(s) in format specified in Annexure A.

- ❖ All Designated persons, who intend to deal in Company's securities (themselves or through immediate relatives) during the period other than trading window closure, are required to obtain the pre-clearance of the proposed acquisition/purchase/ sale/pledge transactions as per the procedure described hereunder, if the said transaction of the securities of Company is in excess of 10,000 in number or Rupees Five Lacs in market value, whichever is lower, in transaction(s) in a single day. In case of dealing by Compliance Officer(s), pre- clearance from Managing Director shall be required. An application stating, inter alia, the estimated number of securities that the Designated Person intends to deal in, the details as to the depository with which he has security account and the details as to the securities already held etc, for pre-clearance shall be made to the Compliance Officer of Company in the format specified in Annexure I. An undertaking shall also be executed in favour of the Company by such Designated Person incorporating, inter alia, the following clauses, as may be applicable:
 - a) That the said Designated Person or his immediate relative does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
 - b) That in case the said Designated Person or his immediate relative has access to or receives "Price Sensitive Information" after signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer(s) 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.
 - c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
 - d) That he/she has made a full and true disclosure in the matter.
- ❖ The Compliance Officer(s) will scrutinize the application within 2 working days of submission and communicate the approval/ refusal (along with reasons therefore) to the applicant. In the absence of the Compliance Officer(s), the preclearance application will be decided upon by the Managing Director.
- ❖ In case any transaction has been refused, the Designated Person shall be free to re-apply for pre-clearance of the transaction, which was refused, to Chairman of Audit Committee of the Company. The decision of Chairman of Audit Committee in this regard shall be final.
- ❖ The pre-clearance approval shall be valid only for seven calendar days from the date of communication and shall lapse thereafter. If the transaction is not consummated within seven

calendar days from the approval date, the Designated Person will be required to follow the process of pre clearance again. However the Compliance Officer(s) shall have the right to revoke the clearance granted, before the relevant transaction has been consummated, if considered necessary.

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

5. TRADING PLAN

The Designated Persons, who are perpetually in possession of unpublished price sensitive information, shall have an option to formulate their trading plan and present the same to Compliance Officer(s) for approval. Upon approval of Trading Plan, the Compliance Officer(s) shall notify the same to Stock Exchanges where securities of the Company are listed.

The Compliance Officer(s) shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and may seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

The Trading plan shall comply with following requirements:

- a) Trading/Dealing in securities will commence after six months of public disclosure of trading plan.
- b) No Trading/Dealing between twenty (20) trading days prior to last day of any financial period for which results are required to be announced and till second(2) trading day after disclosure of financial results.
- c) Trading plan should be for a period of atleast 12 months and there should not be any time overlapping in two trading plans.
- d) Trading plan shall set out either the value of trades to be effected or number of securities to be traded alongwith the nature of trade and the intervals at or the dates on which such trades shall be effected.
- e) The Trading should not entail/result in market abuse.
- f) The trading plan once approved shall be irrevocable & 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 any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information.

6. GENERAL

- In case it is observed by the Company/Compliance Officer(s) that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed to the Company.
- Designated Persons are advised to pursue this Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, carefully and acquaint themselves with all the provisions contained therein. The Compliance Officer(s) shall assist the Designated Persons in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for Prevention of Insider Trading.
- The Compliance Officer(s) shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of trades by designating employees or their immediate relatives and the implementation of the Code of Conduct for Prevention of Insider Trading under the overall supervision of the Board of the listed company.
- The Compliance officer(s) shall maintain records of all the declarations or information in the appropriate form given by the designated persons for a minimum period of five years.
- The Compliance officer(s) shall place before the Chairman of the Audit Committee, on a quarterly basis all the details of the dealing in the securities by Designated Persons and the accompanying documents that such persons had executed the predealing procedure as envisaged in this code.

7. CONTRAVENTION

Any contravention of the code by Designated Persons shall attract strictest disciplinary action including but not restricted to recovery of profits made, wage freeze, suspension and/ or termination of employment

