

CODE OF PRACTICES & PROCEDURES FOR FAIR DISCLOSURE
OF UNPUBLISHED PRICE SENSITIVE INFORMATION

[As envisaged under Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015]
(as amended w.e.f 1st April, 2019)

I. Introduction:

To protect the interests of investors in general; and to put in place a framework for prohibition of insider trading in securities, SEBI has notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”) on 15th January, 2015 effective from 15th May, 2015.

Further, SEBI, on 31st December, 2018 and 21st January, 2019, notified various amendments to the Regulations, which will come into force on and from 1st April, 2019 and 21st January, 2019 respectively.

In line with the Companies (Amendment) Act, 2017 and SEBI (Prohibition of Insider Trading)(Amendment) Regulations, 2018, the Board hereby adopts the revised “KEMISTAR Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives and for Fair Disclosure” of KEMISTAR CORPORATION LIMITED, which shall come into force with effect from the 1st day of April, 2019.

II. Definitions.

1.1 In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:-

- (a) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (b) **“Board”** means the Securities and Exchange Board of India;
- (c) **“compliance officer”** means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for

compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.

(d) **"connected person"** means,-

(i) 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.

(ii) 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, -

(a) an immediate relative of connected persons specified in clause (i); or

(b) a holding company or associate company or subsidiary company; or

(c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or

(d) an investment company, trustee company, asset management company or an employee or director thereof; or an official of a stock exchange or of clearing house or corporation; or

(e) 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

(f) 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

- an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

- a banker of the company; or
 - a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;
- (e) **"generally available information"** means information that is accessible to the public on a non-discriminatory basis;
- (f) **"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;
- (g) **"insider"** means any person who is:
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
- (h) **"promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, ²[2018] or any modification thereof;

"promoter group" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;]

"proposed to be listed" shall include securities of an unlisted company:

- i. if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or
 - ii. if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013;]
- (i) **"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;
- (j) **"specified"** means specified by the Board in writing;
- (k) **"takeover regulations"** means the Securities and Exchange Board of India

(Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

- (l) **"trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly
- (m) **"trading day"** means a day on which the recognized stock exchanges are open for trading;
- (n) **"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.

III. RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

Prohibition on Communication or procurement of unpublished price sensitive information.

2.1 No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

2.2 No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Trading when in possession of unpublished price sensitive information.

2.3 No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

Trading Plans.

2.4 An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

2.5 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; and
- (vi) not entail trading in securities for market abuse.

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.]

2.6 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.

Provided that 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 so as to avoid a violation of sub-regulation (1) of regulation 4.

2.7 Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

Disclosures of trading by Insiders

2.8 Every public disclosure under this Chapter shall be made in such form as may be specified.

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

2.10 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 Chapter:

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

2.11 The disclosures made under this Chapter shall be maintained by the company, for a minimum period of five years, in such form as may be specified.

Disclosures by certain Persons.

• *Initial Disclosures.*

a. Every person on appointment as a key managerial personnel or a director of the company or upon becoming a [promoter or member of the promoter group] 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 of** such appointment or becoming a promoter.

• *Continual Disclosures.*

a. Every promoter, member of the promoter group], [designated person] and director of every 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

b. lakh rupees or such other value as may be specified;

c. Every 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.

• ***Disclosures by other connected persons.***

a. Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons 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 compliance with these regulations.

IV. TRADING WINDOW AND WINDOW CLOSURE

(i) All the Designated Persons and their Immediate Relatives shall be subject to trading restrictions as enumerated below.

(ii) The Trading Window shall be, inter alia, closed 7 days prior to the date of event and up to 48 hours after Unpublished Price Sensitive Information becomes generally available. The Compliance Officer will inform all the concerned persons of the opening and closing of Trading Window.

For the purpose of Financial Results of the Company, the Trading Window shall be closed from the end of every quarter till 48 hours after the declaration of Financial Results of the Company.

(iii) When the Trading Window is closed, the Designated Persons and their Immediate Relatives shall not trade in the Company's Securities during such period.

(iv) The Designated Persons and their Immediate Relatives shall conduct all their dealings in the Securities of the Company only in a valid Trading Window and shall not deal in any transaction involving the purchase or sale of the Company's Securities during the periods when the Trading Window is closed, as referred to in Point No. (ii) above or during any other period as may be specified by the Company from time to time.

- The Compliance Officer shall intimate the closure of Trading Window to all such Designated Persons when he determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such Securities to which such Unpublished Price Sensitive Information relates.
- The Compliance Officer after taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the Trading Window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.

- The restrictions of trading in the Securities of the Company during closure of 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.

V. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT

3.1 Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents / Immediate Relatives).

3.2 Any Designated Person who trades in Securities or communicates any information for trading in Securities in contravention of this Code of Conduct may be penalised and appropriate action may be taken by the Company.

3.3 Any Designated Person, who himself or his/her Immediate Relative, violates the Code, shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.

3.4 The action by the Company shall not preclude SEBI from taking any action in case of violation of PIT Regulations.

3.5 In case of violation of this Code and / or PIT Regulations, if any observed by or brought to notice of the Compliance Officer, the same shall be reported to the Board of Directors of the Company and Stock Exchanges where Securities of the Company are listed, in terms of requirements of the PIT Regulations, for the time being in force.
