

*Code of Conduct for Prevention of
Insider Trading*

&

*Code for Corporate Disclosure
Practices*

BODAL CHEMICALS LIMITED
Regd. Off: Plot No.123 & 124,
Phase-I, GIDC, Vatva, Ahmedabad.

➤ **INTRODUCTION:**

Insider trading means dealing in Securities of a Company by its Directors, Employees or other Insiders based on unpublished Price Sensitive Information. Such dealings by Insiders erode the investors' confidence in the integrity of the management and are unhealthy for the capital markets.

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Insider Trading) Regulations, 1992 under the powers conferred on it under the SEBI Act, 1992. These regulations came into force with effect from 19th November 1992 and the same were made applicable to all companies whose shares were listed on Indian stock exchanges.

To strengthen the existing regulations and to create a framework for prevention of insider trading, SEBI had constituted a committee under the Chairmanship of Shri Kumar Mangalam Birla to review the regulations. The recommendations of the committee were considered and approved by SEBI Board and accordingly, SEBI has amended the existing regulations. The amended regulations were notified in the Gazette and made effective from February 20, 2002. These regulations are now called "*Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*" (hereinafter referred to as "the Regulations") and includes any amendment made by SEBI from time to time. The amended Regulations not only regulate insider trading but also seek to prohibit insider trading.

It is mandatory provision for every Listed Company / Entity to formulate a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure and to ensure its compliance in terms of Insider Trading Regulation.

This document embodies the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (Code) to be adopted by BODAL and followed by their Directors, Officers and other Employees in order to comply with the mandatory requirements of the Regulations.

The code is based on the principle that the Directors, Officers, and Employees of BODAL owe a fiduciary duty towards the shareholders of the Company, among others, to place the interest of the shareholders above their own and conduct their personal Securities transactions in a manner that does not create any conflict of interest with that of the Shareholders of the Company.

The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of Listed Companies and their dealings in Securities of such companies. Further, the Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information(s) to the investors to enable them to take informed investment decisions with regard to the Company's Securities.

➤ **APPLICABILITY:**

BODAL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING & CODE OF CORPORATE DISCLOSURE PRACTICES" (in short "The Insider Code") shall become applicable and binding to all Directors / Officers / designated employees/promoter or part of promoter group of the Company w.e.f.11th February, 2013.

➤ **DEFINITIONS:**

As used in this Code:

- (a) **"Board"** means Board of Directors of the Company
- (b) **"Code"** means this **Corporate Disclosure Policy for Code of Internal Procedure & Conduct for Prohibition of Insider Trading** as applicable, including modifications made thereto from time to time.
- (c) **"Company"** means Bodal Chemical Limited or such other Listed Company under the Bodal Group to which the Code may become applicable in future.
- (d) **"Compliance Officer"** means an Employee appointed by the Board for the implementation of and overseeing compliance with the Regulations and this Code across the Company.
- (e) **"Dealing in Securities"** means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the Securities of the Company either as principal or agent.
- (f) **"Designated Employee"** means: -
 - i. Head of various department of the company's management i.e. Managers/officers and above, who have price sensitive information and Key employees in the finance department and company secretary of the company and such other employees who may be so designated from time to time by the company for the purpose of this code of conduct and who may be able to have access to any price sensitive information.
 - ii. such Employees of the corporate finance & accounts department, internal audit department and legal & secretarial department of the Company as may be designated by the Compliance Officer in consultation with Managing Director; and
- (g) **"Director"** means a member of the Board of Directors of the Company
- (h) **"Dependent"** shall include the spouse, dependent minor children, dependent parents, dependent in-laws, dependent brothers and sisters and such other family members of the Specified Persons as may be notified by him / her.
- (i) **"Employee"** means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.
- (j) **"Insider"** means any person who, 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 the Company, or who has received or has had access to such unpublished Price Sensitive Information.

- (k) **“Officer”** includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors of the Company or any one or more of the Directors is or are accustomed to act and includes the Statutory Auditors of the Company.
- (l) **“Price Sensitive Information”** means any information, which relates directly or indirectly to the Company and which if published, is likely to materially affect the price of Securities of the Company. In particular the following shall be 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 and takeovers
 - f. disposal of whole or substantial part of the undertaking
 - g. any significant changes in policies, plans or operations of the Company
- (m) **“Promoter or part of Promoter Group”**, for the purpose of these regulations the meaning of promoter and promoter group shall be as per the regulations defined in clause (h) of sub-section 2 of section 11 of the Act.
- (n) **“Relatives”** means any person from the following, as relatives of the directors/ officers/ designated employees:
 - 1. Self and Spouse
 - 2. Dependant minor children
 - 3. Dependant parents
 - 4. Dependant in-laws
 - 5. Dependant brothers and sisters
- (o) **“Securities”** means equity shares of the Company or other marketable securities issued by the Company and listed on any Stock Exchange.

All terms used in this Code but not defined hereinabove shall have the meanings described to them under the Insider Trading Regulations or the Companies Act, 1956.

➤ **SECURITIES TRANSACTIONS AND CONFIDENTIAL INFORMATION**

An employee or Promoters or part of promoter group of the Company and his immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the Group, which is not in the public domain.

An employee or Promoters or part of promoter group of the Company shall not use or proliferate any inside information which is not available to the public in

general and does not make or giving advice on investment decisions of the securities of the Company.

Such inside information might include the following:

- acquisition and diversion of businesses or business units
- financial information such as profits, earnings, dividends etc.
- announcement for introducing new product or any developments thereof
- asset revaluations
- investment decision plan(s)
- restructuring plan(s)
- major supply and delivery agreements
- raising finances either through issue of new securities or otherwise

➤ **COMPLIANCE OFFICER:**

The Board of the Company has appointed Mr. Ashutosh B. Bhatt, Company Secretary who shall directly report to the Managing Director, as the Compliance Officer to ensure proper compliance and effective implementation of this Regulation and also this Code across the Company.

The Compliance Officer shall hold the position so long as he is in the employment of the Company.

In order to discharge his functions effectively; the Compliance Officer has been adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his function. In the performance of his duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.

The Compliance Officer shall act as the focal point for dealings with SEBI in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.

➤ **DUTIES OF THE COMPLIANCE OFFICER:**

The Compliance Officer shall be responsible for:

- Setting forth policies in consultation with the Board of Directors to make such changes to the same as he may deem fit from time to time.
- Prescribing procedures for various activities referred to in the Code.
- Monitoring and adherence to the rules for the preservation of "Price Sensitive Information"
- Grant Pre - Clearance approval to the Designated Employees or Promoters or part of promoter group for dealings in the Company's Securities and monitoring of such dealings.
- Implementation of the Code under the general supervision of the Managing Director and overseeing compliance with Insider Trading Regulations.

- Maintain Records of Designated Employees or Promoters or part of promoter group and their dependents (either manually or in electronic form) and changes thereto from time to time.
- To assist all the employees or Promoters or part of promoter group in addressing any clarifications regarding the Regulations and the Code.
- To place a status report on Compliance with the Code and Regulations at every quarterly meeting at which the quarterly results of the Company are finalized and approved.

➤ **RESPONSIBILITIES OF DIRECTORS, OFFICERS ETC.:**

Preservation of Price Sensitive Information:

All the Designated Employee or Promoters or part of promoter group shall maintain the confidentiality of all Price Sensitive Information(s) ("PSI") coming into their possession or control.

To comply with confidentiality obligation; the Designated Employee or Promoters or part of promoter group shall not;

- pass on PSI to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities of the Company; or
- disclose PSI to their family members, friends, business associates or any other individual, or
- discuss PSI in public places, or
- disclose PSI to any Employee or Promoters or part of promoter group who does not *need to know* the information for discharging his or her duties, or
- recommend to anyone that they may undertake Dealing in Securities of the Company while being in possession, control or knowledge of PSI, or
- be seen or perceived to be Dealing in Securities of the Company on the basis of unpublished PSI.

Need to Know:

The Designated Employee or Promoters or part of promoter group who are privy to unpublished PSI, shall handle the same strictly on a "*Need to Know*" basis. This means the unpublished PSI shall be disclosed only to those persons within the Company who need to know the same in the course of performance or discharge of their duty and whose possession of unpublished PSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

All non-public information directly received by any Employee or Promoters or part of promoter group shall be immediately reported to the head of the department.

Limited access to confidential information:

The Designated Employee or Promoters or part of promoter group privy to confidential information shall, in preserving the confidentiality of information, and to prevent its wrongful dissemination, adopt among others, the following safeguards:

- files containing confidential information shall be kept secure.
- computer files must have adequacy security of login through a password..
- follow the guidelines for maintenance of electronic records and system as may be prescribed by the Compliance Officer from time-to-time in consultation with the person in charge of the information technology function.

➤ **TRADING WINDOW:**

The period(s) during which the Trading Window is closed (as prescribed hereunder), the Designated Employees, Directors, officers, or Promoters or part of promoter group etc. cannot trade in the Securities of the Company.

Unless otherwise specified by the Compliance Officer in consultation with the Board of Directors/Managing Director, the Trading Window for Dealing in Securities of the Company shall be closed for the following purposes-

- periodical financial results of the company;
- Intended declaration of dividends(both interim and final)
- Issue of securities or buy back of securities
- any major expansion plans or execution of new projects
- Amalgamation, mergers and takeovers
- disposal of whole or substantial part of the undertaking
- any significant changes in policies, plans or operations of the Company

The Trading Window shall remain closed for a period of 7 days prior to the date of the Unpublished Price Sensitive Information and shall be opened after 24 (Twenty-four) hours after such information is published or made known to the public by any means. A notice for the closing and opening of Trading Window shall be put on the Notice Board of the Company before closing of Trading Window.

In case of ESOPs (Employees Stock Option Scheme), exercise of option may be allowed when trading window is closed. However, sale of shares allotted in ESOPs shall not be allowed when the trading window is closed.

All the Designated Employee *or Promoters or part of promoter group* shall strictly abstain from dealings in the Securities of the Company during the period when Trading Window is closed or during any other similar period as may be specified by the Compliance Officer from time-to-time.

➤ **REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:**

In addition to complying with the reporting requirements as prescribed under this Code, all the "Designated Employees *or Promoters or part of promoter group*" shall file with the Compliance Officer, inter alia, the following details of their/their Dependents' holdings and/or dealings in the Securities of the Company:

- a) All holdings in the securities of the company at the time of joining in the Company, in the format annexed herewith as per **Annexure –A**

- b) Each and every execution of transaction beyond 25000 shares or Rs.5 lakhs in value or 1% of total shareholding or voting rights whichever is lower in the company (hereinafter referred to as the "threshold limit").
- c) an undertaking in Form B to comply with the Code and the regulations within 30 days from of the date of adoption of the Code or date of joining the Company, whichever is later.
- d) annual statements of all holdings in Company's securities as on 31st March every year in (see *Annexure B*) as may be prescribed by the Compliance Officer from time-to-time.
- e) Make disclosures in compliance with the disclosure requirements under Regulation 13 (i.e. initial disclosure, continual disclosure) of the Insider Trading Regulations, as may be applicable from time to time.

The Compliance Officer shall maintain records of all the above declarations in an appropriation form for a minimum period of 3 (three) years from the date of the filing thereof.

➤ **PRE-CLEARANCE OF DETAILS IN SECURITIES:**

Applicability:

Every Designated Employees/Directors/Officers/*Promoters or part of promoter group* of the Company who intends to deal in Securities of the Company **exceeding 15000 Shares** or where the transaction value of the shares intended to be dealt exceeds Rs.300000 in any calendar year, shall obtain a written *pre-clearance* approval for the proposed transaction as per the procedure prescribed hereunder.

Pre-clearance Procedure:

For the purpose of obtaining *pre-clearance* approval, the concerned Designated Employee/Director/*Promoters or part of promoter group* shall make an application in Annexure C along with the necessary undertakings (**see Annexure D**) to the Compliance Officer. (The Compliance Officer should submit his/her application for *pre-clearance* approval to the Managing Director/Vice Chairman) and should be accompanied by such declarations along with application and undertaking indicating estimated number of securities intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details, as may be prescribed by the Compliance Officer from time-to-time. Such application for *pre-clearance* with enclosures must necessarily be sent to secretarial department.

Approval:

- a) The Compliance Officer shall consider the application made as above and shall approve it forthwith preferably on the same working day but not later than the next working day unless he is of the opinion that grant of such an approval would result in a breach of the provisions of this Code, or the Regulations. Such approval/rejection would be conveyed through the telephonic talk and if no such approval / intimation of rejection is received

within a period of 2 (two) working days, the applicant can presume that the approval is deemed to be given.

- b) In the absence of the Compliance Officer due to leave etc., the Officer designated by him from time-to-time shall discharge the function referred to in (a) above.

Completion of Pre-cleared Dealing:

- a) All the Designated Employee *or Promoters or part of promoter group* shall ensure that they complete execution of every pre-cleared deal in the Company's Securities as prescribed above and no later than 1 (one) week from the date of the approval.
- b) The Designated Employee *or Promoters or part of promoter group* shall file a report in Annexure E on dealing of securities with pre-clearance within 2 days of conclusion of transaction or expiry of validity of approval as may be applicable. Nil report shall be filed also in case where pre-clearance is not exercised.
- c) If a deal is not executed by the concerned Designated Employees *or Promoters or part of promoter group* pursuant to the approval granted by the Compliance Officer within 1 (one) week, the Designated Employees *or Promoters or part of promoter group* shall apply once again to the Compliance Officer for *pre-clearance* of the transaction covered under the said approval.

Holding Period:

All the Designated Employee *or Promoters or part of promoter group* shall hold their investment in Securities of the Company for a minimum period of six months in order to be considered as being held for investment purposes.

In case the sale of Securities of the Company is necessitated due to personal reasons or emergency situations, the holding period referred to above may be waived by the Compliance Officer after recording the reasons in this regard. It may however, be noted that in terms of the Regulations, no such sale will be permitted when the Trading Window is closed.

Advice regarding Pre-Clearance:

In case of doubt, the Designated Employees *or Promoters or part of promoter group* shall check with the Compliance Officer or the Officer designated by him/her from time-to-time whether the provisions relating to *pre-clearance* are applicable to any proposed transaction in the Company's Securities.

PENALTY FOR CONTRAVENTION:

Every Designated Employee/Director/*Promoters or part of promoter group* shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/her Dependents).

The Designated Employee *or Promoters or part of promoter group* who violates this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action including the termination of employment.

Action taken by the Company for violation of the Regulations as and the Code against any Designated Employees *or Promoters or part of promoter group* shall not preclude SEBI from taking any action for violation of the Regulations or any other laws/rules/regulations.

It is pertinent to bring to the notice of all the concerned designated employees *or Promoters or part of promoter group* that u/s 15G of the SEBI Act, any Insider who indulges in insider trading in contravention of Regulation 3 is liable to a penalty of Rs. 25 crores or three times the amount of profits made out of Insider Trading whichever is higher. Under Section 24 of the SEBI Act, any one who contravenes the Regulations is punishable with imprisonment for a maximum period of one year or with fine or with both.

Without prejudice to its right under Section 24 of the SEBI Act, under Regulation 11 SEBI can also pass any or all of the following orders to an Insider found indulging in insider trading –

- directing him/her not to deal in the Company's Securities in any particular manner.
- prohibiting him/her from disposing of any of the Securities acquired in violation of Regulations.
- Restraining him/her from communicating or counseling any other person to deal in Company's Securities.
- declaring the transactions in Securities as null and void.
- directing the person who acquired Securities in violation of the Regulations, to deliver the Securities back to the seller or alternatively pay the Seller the price as provided.
- Directing him/her to transfer specified amount to investor protection fund of a recognized Stock Exchange.

In case it is observed by the Compliance Officer that there has been a violation of the Regulations by any "Designated Employees"/an Employee/ *Promoters or part of promoter group*, he/she shall forthwith inform the Managing Director / Chairman of the Company as the case may be about the violation. The penal action will be initiated on obtaining suitable directions from the Board. The Compliance Officer shall simultaneously inform SEBI about such violation. The "Designated Employees"/the Employee/*Promoters or part of promoter group* against whom information has been furnished by the Company/Compliance Officer to SEBI for violations of the Regulations/Code, shall provide all information and render necessary co-operation as may be required by the Company/Compliance Officer or SEBI in this connection.

CLARIFICATIONS:

For all queries concerning this Code, the Directors, Officers and Employees *or Promoters or part of promoter group* may please contact the Compliance Officer.

CODE OF CORPORATE DISCLOSURE PRACTICE FOR PREVENTION OF INSIDER TRADING

Corporate Disclosure Policy

To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed by the Company: -

Prompt Disclosure of price sensitive information

Price sensitive information shall be given by the Company to stock exchanges and disseminated on a continuous and immediate basis.

The Company may also consider, from time to time, ways of supplementing information released to stock exchanges by improving investor access to public announcement.

Overseeing and co-coordinating disclosure

The Managing Director shall oversee the Corporate disclosure.

The Managing Director shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and co-coordinating disclosures of price sensitive information to Stock Exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.

Responding to market rumors

The Managing Director shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours / report appearing in newspaper or otherwise and then decide about making the appropriate disclosures.

Timely Reporting of shareholdings / ownership and changes in ownership.

Disclosures of shareholdings / ownership by major shareholders and disclosures of changes in ownership as provided under any Regulations made under the Act and the listing agreement shall be made in a timely and adequate manner.

Disclosures / dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investor.

The Company shall follow the guidelines given hereunder while dealing with analysts and institutional investors:-

Only Public information to be provided – The Company shall provide only public information to the analysts / research persons / large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.

Recording of discussion – In order to avoid misquoting or misrepresentation, at least two Company representatives be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.

Handling of unanticipated question – The Company shall be careful when dealing with analysts questions that raise issue outside the intended scope of discussions. Unanticipated questions shall be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

Simultaneous release of Information – when the Company organizes meetings with analysts, the Company shall make a press release or post relevant information on its website after every such meet. The Company may also consider live webcasting of analysts meets.

Medium of disclosure / dissemination

- i. Disclosures / dissemination of information may be done through various media so as to achieve maxim reach and quick dissemination.
- ii. The Company shall ensure that disclosures to Stock Exchange is made promptly.
- iii. The information filed by the company with exchange(s) under continues disclosure requirement may be made available on the company's website

Interpretation

For any interpretational or clarificatory issues in regard to this code, the Compliance Officer may be contacted.

For Bodal Chemicals Ltd.

Suresh J. Patel
Chairman & M.D.

Date : 11-02-2013
Place : Ahmedabad