



## Code of Conduct to Regulate, Monitor and Report Trading in Securities

This Code shall be called "Code of Conduct to Regulate, Monitor and Report Trading in securities by Designated Persons & their Immediate Relatives {under Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended}

This code has been formulated and approved by the Board of Directors of Mafatlal Industries Limited. The first version of the current Code was made applicable effective from 30<sup>th</sup> May, 2015 and it underwent some modification in 2017-18 thereafter pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, further revisions has been made and this revised Code shall be applicable w.e.f. 1<sup>st</sup> April, 2019 **and has been amended for the second time w.e.f. 26<sup>th</sup> December, 2019.**

### Applicability of the Code:

This Code shall be applicable to all the **Designated Persons as may be specified under the Code & their Immediate Relatives** {under Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended}

### 1. Definitions -

The following terms used herein shall have the meaning assigned to the term as under:

- i. **Act** - shall mean the Securities and Exchange Board of India Act, 1992
- ii. **Code or this Code** - shall mean this Code of Conduct to Regulate, Monitor and Report Trading in securities of the Company as amended from time to time **Designated Persons & their Immediate Relatives**
- iii. **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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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
- (e). an official of a stock exchange or of clearing house or corporation; or
- (f). 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
- (g). 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
- (h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i). a banker of the company; or
- (j). 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;

iv. **Compliance officer - shall mean the Company Secretary and in his absence the Chief Financial Officer ("CFO") of the Company**, [being financially literate and capable of appreciating requirements for legal and regulatory compliance under the Insider Trading 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 the Insider Trading Regulations, under the overall supervision of the Board of Directors of the Company.

Explanation- For the purpose of this regulation, "financially literate" shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows."

**The Board of Directors of the Company has presently designated "the Company Secretary" of the Company as the Compliance Officer under this Code and in his absence "the Chief Financial Officer" of the Company.**

v. **Company** - shall mean **Mafatlal Industries Limited**

vi. **Designated person**- shall mean

- a) all promoters of the Company
- b) all directors of the Company,
- c) all employees in the grade of General Manager and above including key managerial personnel of the Company.
- d) Chief Executive Officer(CEO) and employees up to two levels below CEO of the Company.

- e) every employee in the finance, accounts, secretarial, IT Department who has access to unpublished price sensitive information as may be determined and informed by the Compliance Officer.
- e) Any other employee as may be determined by the Compliance officer from time to time having regarding to the likelihood that he may have access to unpublished price sensitive information.
- f) any connected person designated by the Compliance Officer on the basis of his/its functional role in the organization and also include directors, partners or employees of such connected person designated by the Compliance Officer.

**The term 'designated person' shall also include his/her immediate relative as defined hereinbelow in this Code.**

vii. **Generally available information** means information that is accessible to the public on a non-discriminatory basis;

viii. **insider** means any person who is:

- i) a connected person; or designated person and their immediate relatives
- ii) in possession of or having access to unpublished price sensitive information;
- iii) Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered as an "insider" for the purpose of these regulations;

ix. **Insider Trading Regulations** - mean the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 as amended from time to time.

x. **immediate relative/s** - means the spouse of a person, 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.

xi **"key managerial person"** shall mean:

- (a) the chief executive officer or the managing director
- (b) the Company Secretary
- (c) the whole-time director
- (d) the chief financial officer
- (e) any other officer as may be prescribed as key managerial person under the provisions of the Companies Act, 2013.

xii. **"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."

xiii **"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;

xii-A "**Promoter group**" shall have meaning assigned to it under the SEBI (ICDR) Regulations, 2018 as amended.

xiv. "**securities**" - shall have meaning assigned to it under Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof and includes equity shares of the Company listed at stock exchanges.

xv. "**shareholding**" - shall mean holding of shares in the Company

xvi. "**prohibited trading period**" shall mean the following :

Unless otherwise specified by the Compliance Officer, the prohibited trading period **shall be made applicable from the end of every calendar quarter, till 48 hours after the declaration of financial results** and any other period as designated by the Compliance Officer when any unpublished price sensitive information is to be considered by the Board of Directors, such as the following:

- a. Issue of Securities by way of public/rights/bonus etc.
- b. Any major expansion plans or execution of new projects
- c. Amalgamation, merger, demerger, acquisition of business takeover and buy-back, delisting
- d. Disposal of whole or substantially whole of the undertaking
- e. Any significant changes in policies, plans or operations
- f. Declaration of dividend (interim/special/final)

And ending with 48 hours after the information relating to items specified above becoming generally available and being capable of assimilation by the market.

xvii. "**trading in securities**" - shall mean and include subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any securities of the Company, and "trade" shall be construed accordingly .

xviii. "**trading window**" shall mean any period other than prohibited trading period.

xix. "**trading day**" means a day on which the recognized stock exchanges are open for trading;

xx. "**unpublished price sensitive information**" means any information, relating to the 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 of the company and shall, ordinarily include 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; and
- (vi) material or other events required mandatory disclosure under SEBI LODR Regulations,

## **2. Role of Compliance Officer**

2.1 The compliance officer shall report to the board of directors of the Company and in particular, shall provide report relating to the compliance of this Code to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors or under the applicable regulations/code.

## **3. Policy and Procedure for Preservation of Price Sensitive Information:**

- 3.1 All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.
- 3.2 Unpublished price sensitive information(UPSI) 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 sharing of such information 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 sharing of such information 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 to be adequate and fair to cover all relevant and material facts.

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

- 3.3 "need to know" basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. Any person receiving such unpublished price sensitive information shall disclose the same to any other person within the Company only on need to know basis with appropriate authorisation from the Managing Director or head of the concerned division of the Company.
- (ii) All non-public information directly received by any employee should immediately be reported to the head of the department.
  - (iii) all employees who have access to UPSI are identified as designated employee
  - (iv) all UPSI shall be identified and its strict confidentiality shall be maintained and shall be shared strictly on need to know and work on basis.

- (v) Chief Executive Officer and/or Chief Financial Officer shall ensure the periodic process review to evaluate effectiveness of internal controls.
- (vi) Files and documents containing price sensitive information shall be kept secured. Computer files must have adequate security of login and password or in any other manner.

#### 3.4 No insider shall

- (a) misuse any unpublished price sensitive information for dealing in securities of the Company ;or
- (b) advise any other person to deal in securities of the Company on the basis of unpublished price sensitive information.

#### 4. Trading Window and Window Closure

4.1 Designated persons may execute trades subject to compliance with these regulations, within the trading window. No trade is allowed when by a designated person (including their immediate relatives) in shares of the Company when the trading window is closed.

4.2 Notwithstanding what is stated in clause 5.1 above, no person shall trade in the securities of the Company when in possession of unpublished price sensitive information except as permitted under Regulation 4 of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended.

#### 5. Pre-clearance of trades

5.1 All designated persons, intending to deal in the securities of the Company when the trading window is open and when the value of securities likely to be traded whether in one transaction or series of transactions over any calendar quarter aggregate to a traded value in excess of **above 1000 shares or above Rs.5,00,000/- (Rupees Five Lacs) of market value, whichever is less**, such person should pre-clear the transaction as provided hereinafter.

#### 5.2 The pre-dealing procedure shall be as under:

- (i) An application may be made in the prescribed Form (Annexure 1) to the Compliance Officer.
- (ii) An undertaking (Annexure 2) shall be executed in favour of the Company.
- (iii) The Compliance Officer shall communicate pre-clearance, if granted, in writing (Annexure 3). Endeavour shall be made to grant such pre-clearance within seven trading days of receipt of duly completed application mentioned above.
- (iv) The concerned designated person shall execute the order in respect of securities of the Company within seven trading days of from the day of pre-clearance approval is given. The said designated person shall file **within 2(two) trading days of the execution of the deal**, the details of such deal with the Compliance Officer in the prescribed form (Annexure 4). In case the transaction is not undertaken, a report to that effect shall be filed (Annexure 5).
- (v) If the order in respect of securities is **not executed within seven trading days** after the approval is given, the concerned designated person must apply again for pre-clearance the transaction.

- All designated persons who buys or sells any number of securities in the company shall not execute any contra transaction i.e. sell or buy any number of such securities during the next six months following the prior transaction.
- (vi) In case any 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 the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act. Provided that this shall not apply to trades pursuant to exercise of stock options.
  - (vii) The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons in writing for the same, provided such relaxation does not violate any other provisions of this code. However, no such sale will be permitted when the Trading window is closed.

## **6 Disclosure of Trading by Insiders:-**

- 6.1 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, and by any other person for whom such person takes trading decisions.
- 6.2 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.
- 6.3 The disclosures made under this Code shall be maintained by the Company for a period of five years.

## **7. Trading Plans**

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 on his behalf in accordance with such plan.

In that event the provision contained in Regulation No. 5 of the Insider Trading Regulations shall apply.

## **8. Initial Disclosure:**

8.1 Every promoter, member of the promoter group, key managerial personnel, director of the Company or disclosure on their behalf, **within thirty days of these regulations taking effect**, shall forward to the Company, within thirty days of these regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company presently held by them as well as will make yearly disclosure of their holding as at the end of every 31st March every year by 30th April, including the statement of holdings of dependent family members in the form as may be prescribed by SEBI from time to time.

8.2 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 or a member of promoter group, to the Company within seven days of such appointment or becoming a promoter in the form as may be prescribed by SEBI from time to time.

## 9. Continual Disclosure:

9.1 Every promoter, member of the promoter group, designated persons and director of the Company shall disclose to the Company the number of such securities acquired or disposed of in such forms as prescribed 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 (ten) lakhs**.

**Explanation:** The disclosure of the incremental transactions after any disclosure under this clause shall be made when the transactions effected after the prior disclosure cross the threshold specified above in this clause.

## 10. Disclosure by the Company to the Stock Exchange(s)

10.1 Within 2 (two) trading days of the receipt of intimation under Clause 9.1 above, the Compliance Officer shall disclose to all Stock Exchanges on which the Company's Securities are listed, the information received.

10.2 The Compliance officer shall maintain records of all the declarations in the appropriate form received from the person making disclosures as aforesaid for a minimum period of five years.

## 11. Maintenance of Database:

The Company shall ensure that a structural digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorised 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 data base.

## 12. Obligations of Designated Persons:

The designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorised by law 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

additionally, the names of the 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 loan or gift during 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."



**Designated Person/s should make annual disclosure of their shareholding as per Annexure 7.**

### **13. Penalty for contravention of the code of conduct**

- 13.1 based on the findings and suggestion of the Audit Committee, Any designated person who trades in securities or communicates any information for trading in securities, in contravention of this Code or otherwise contravenes the SEBI (Prohibition of Insider Trading) Regulations or the Code, shall be subject to disciplinary action by the Company, and may be penalised which may include wage freeze, suspension, recovery, clawback of gains, termination of employment, ineligibility for future participation in employee stock option plans, or in any preferential allotment of securities, placing of sanctions, remand and other actions as may deem fit.
- 13.2 All violations of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended shall be promptly informed to SEBI by the Company.
- 13.3 The action by the Company shall not preclude SEBI or other Authorities from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015 or other applicable rules and regulations.

### **14. Awareness of Duties and Responsibilities:**

Persons who are brought “Inside” on sensitive transactions/price sensitive information shall be only on need to know basis. Such persons shall be made aware of the duties and responsibilities attached to the receipt of the unpublished price sensitive information and the liability that attaches to misuse or unwarranted use of such information or leakages of such information.

### **15. Protection of employees against retaliation and victimization**

Employees who reports any alleged violation of insider trading laws in accordance with the Informant Mechanism introduced vide SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 dated 17th September, 2019, will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination.

### **16. Amendment to the Code:**

All amendment to the Code shall be as approved by the Board from time to time.

Any or all provisions of this Code would be subject to the revision/amendment in accordance with the SEBI Regulations, Rules, Circulars, Guidelines, Notifications, etc. on the subject as may be issued, from time to time. In case of any of such amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions of this Code and this Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Note: Formats of Disclosures and applications under the Code shall be as per the Circular/Guidelines issued by SEBI as amended from time to time.

Presently, Promoters/ Insider/Directors /other connected persons may use the formats given in Annexures herein under.



### **CODE OF FAIR DISCLOSURE AND CONDUCT**

(Under Regulation 8 read with Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended by SEBI (PIT) Amendment Regulations, 2018)

The Company shall with effect from 1<sup>st</sup> April, 2019, follow the following revised Code of practices and procedures for fair disclosure of unpublished price sensitive information in order to adhere to each of the principles set out in Schedule A to SEBI (Prevention of Insider Trading) Regulations, 2015 without diluting the provisions of those Regulations.

1. The Company shall promptly make public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. The Company shall ensure that uniform and universal dissemination of unpublished price sensitive information is made to avoid selective disclosure.
3. For the purpose of this Code, the Managing Director and in his absence, the Chief Financial Officer of the Company is designated as the Chief Investor Relations Officer to deal with the dissemination of information and disclosure of unpublished price sensitive information.
4. the Company shall ensure prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. the Company shall provide appropriate and fair response to queries on news reports and request for verification of market rumours by regulatory authorities.
6. The Company shall ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
7. The Company shall make transcripts or records of proceedings of meetings with Analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

8. All the employees /directors of the Company who are handling in any way, the unpublished price sensitive information shall handle such information on a need-to-know basis and shall ensure that such price sensitive information once finally approved by the Board is disclosed promptly to the stock exchanges at which shares of the Company are listed. Further all price sensitive information of the Company shall be required to 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 the insider's legitimate purposes (as mentioned hereinbelow), performance of duties or discharge of his legal obligations.
9. No person shall procure from or cause the communication by any insider of unpublished price sensitive information (UPSI), relating to the Company or securities listed, except in furtherance of legitimate purpose(s), which shall include the following;
- (i) Sharing of UPSI in the ordinary course of business by any Insider, Designated Person, or by any Authorized person with existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants;
- (ii) Sharing of UPSI where such communication is in furtherance of performance of duty (ies);
- (iii) Sharing of UPSI for discharge of legal obligation(s);
- (iv) Sharing of UPSI for any other purpose as may be prescribed under the Securities Regulations or Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.

Provided that such sharing should not be carried out to evade or circumvent the prohibitions of the SEBI (Prevention of Insider Trading) Regulations, 2015.

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