

**INSIDER TRADING CODE**



**POLICY FOR PREVENTION OF INSIDER TRADING  
[IN TERMS OF SEBI (PROHIBITION OF INSIDER TRADING)  
REGULATIONS, 2015) & SEBI (PROHIBITION OF FRAUDULENT  
AND UNFAIR TRADE PRACTICES RELATING TO THE  
SECURITIES MARKET) REGULATIONS, 2003]**

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## INSIDER TRADING CODE

### TABLE OF CONTENTS

<b>Sr. No.</b>	<b>Topic</b>	<b>Page No.</b>
1.	Preface	3
2.	Definitions	3-6
3.	Duties of Compliance Officer	6
4.	Maintenance of Confidentiality	7
5.	Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market	7-10
6.	Preservation of Price Sensitive information	10
7.	Trading window	10
8.	Restrictions and Procedures for Directors, Officers and Designated Persons while dealing in company securities	11-13
9.	Disclosures	13-14
10.	Penalty for Contravention of the policy	14

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## **INSIDER TRADING CODE**

### **1. PREFACE:**

A-1 ACID LIMITED (herein after referred to as the “Company”) is committed to the preserving the confidentiality and preventing the misuse of any un-published price sensitive information. The Company is further committed to adherence to all applicable laws and regulations set forth by the Securities and Exchange Board of India (“SEBI”) or the Stock Exchanges with regards to prevention of insider trading.

Trading on insider information is not only illegal, but also tarnishes corporate credibility of the Company. The Company is committed to ensuring transparency and fairness in dealing with all stakeholders of the Company.

This insider trading policy (this “Policy”) aims to define and establish rules & process of the Company with respect to:

- Prevention of Insider trading of securities;
- To ensure there is no violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- Maintenance of confidentiality of Unpublished Price Sensitive Information; and
- Adherence to SEBI’s applicable guidelines by all Connected Persons or deemed Connected Persons including directors, officers and Designated Persons for prevention of insider trading.

The Policy shall come into force with effect from the date of listing of the equity shares of the Company on National Stock Exchange of India Limited.

### **2. DEFINITIONS:**

Definitions of some of the key terms used in this Policy are given below:

a) **“Board”** means the Board of Directors of the Company;

b) **“Company”** means A-1 ACID LIMITED;

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,

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## INSIDER TRADING CODE

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 a ‘Connected Person’ as defined under Clause 2(d) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, which includes:

(i) any person who is or has, during the six months prior to the concerned act been associated with the 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 SEBI; 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 the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest;

**e) “Designated Person”** shall include a person occupying any of the following position in the company:

- i. All Directors on the Board;
- ii. All Key Managerial Personnel;

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## INSIDER TRADING CODE

- iii. All Senior Managerial Personnel;
- iv. All Vice President & above;
- v. All Employees (Above Manager Grade) in the Finance & Accounts, Legal, Secretarial & Compliance, Investor Relations, Communications and Media Communications departments;
- vi. All employees who are attached to Directors/MD/CEO's Office;
- vii. Internal Auditors, Statutory Auditors, Secretarial Auditors, Consultants and Advisors of the Company;
- viii. Any other person who on the basis of their role and function in the Company, is reasonably expected to have access to unpublished price sensitive information(s) relating to the Company, as may be decided by the Chairman/Managing Director/Whole-Time Director/Joint Managing Director/Compliance Officer, from time to time;

**f) "Dealing in Securities"** means an act of subscribing, buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent;

**g) "Generally available information"** means information that is accessible to the public on a non-discriminatory basis;

**h) "Insider"** means as defined under Clause 2 (g) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, which includes: i) a Connected Person; or ii) in possession of or having access to unpublished price sensitive information;

**i) "Insider Trading"** means actions where insiders use unpublished price sensitive information to arrive at securities trading/dealing (including buying as well as selling) decisions;

**j) "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;

**k) "Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund;

**l) "SEBI Insider Trading Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

**m) "Unpublished Price Sensitive Information"** shall have the meaning as defined under the SEBI Insider Trading Regulations which 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:

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## **INSIDER TRADING CODE**

- 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 events in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, as amended.

Words and expressions not defined in this Policy shall have the same meaning as contained in SEBI Insider Trading Regulations.

### **3. DUTIES OF COMPLIANCE OFFICER:**

3.1 The Company Secretary will be the Compliance Officer for the purpose of this Insider Trading Code

3.2 The Compliance Officer shall be responsible for Setting forth policies, framing rules and procedures;

- ◆ monitoring adherence to the rules for the preservation of “Price Sensitive Information”;
- ◆ pre-clearing of proposed trades of Officers and Designated Employees and their dependents and monitoring of trades after pre-clearance; and Implementation of this Policy under the overall supervision of the Board of Directors of the
- ◆ Company.

3.3 The Compliance Officer shall maintain record of the Officers and Designated Employees and any changes therein.

3.4 The Compliance Officer shall maintain records of all the Applications, Undertakings, Declarations etc. submitted by Officers and Designated Employees and their dependants for a period of five years from the date of receipt of the document.

3.5 The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Company's Code of Conduct.

3.6 The Managing Director / Compliance Officer shall inform the SEBI of any violation of the Regulations and rules made thereunder.

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## **INSIDER TRADING CODE**

### **4. MAINTENANCE OF CONFIDENTIALITY:**

- Insider Persons shall maintain the confidentiality of all unpublished price sensitive information.
- Such persons shall also not pass on such information to any person directly or indirectly by means such as making a recommendation for the purchase or sale of securities etc.
- 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 such information to discharge their duties.
- All files, whether electronic or manual, containing confidential information shall be kept secure.

### **5. PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET**

**A.** The company will ensure the compliance of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. The terms defined below will be used for this section only.

a) "Dealing in securities" includes an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any person as principal, agent or intermediary referred to in section 12 of the Act.

b) "Fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

i. a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

ii. a suggestion as to a fact which is not true by one who does not believe it to be true;

iii. an active concealment of a fact by a person having knowledge or belief of the fact;

iv. a promise made without any intention of performing it;

v. a representation made in a reckless and careless manner whether it be true or false;

vi. any such act or omission as any other law specifically declares to be fraudulent,

vii. deceptive behaviour by a person depriving another of informed consent or full participation,

viii. a false statement made without reasonable ground for believing it to be true.

ix. the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly;

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## **INSIDER TRADING CODE**

Nothing contained in this clause shall apply to any general comments made in good faith in regard to—

- i. the economic policy of the government
- ii. the economic situation of the country
- iii. trends in the securities market; iv. any other matter of a like nature whether such comments are made in public or in private;

### **B. Prohibition of certain dealings in securities, No person shall directly or indirectly—**

- i. buy, sell or otherwise deal in securities in a fraudulent manner;
- ii. use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- iii. employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- iv. engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

### **C. Prohibition of manipulative, fraudulent and unfair trade practices**

1. Without prejudice to the provisions of above para (B) (regulation 3 of (b) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003), no person shall indulge in a fraudulent or an unfair trade practice in securities.

2. Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

- a) indulging in an act which creates false or misleading appearance of trading in the securities market;
- b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
- c) advancing or agreeing to advance any money to any person thereby inducing any other person to offer to buy any security in any issue only with the intention of securing the minimum subscription to such issue;
- d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;
- e) any act or omission amounting to manipulation of the price of a security;

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## **INSIDER TRADING CODE**

- f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;
- g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;
- h) selling, dealing or pledging of stolen or counterfeit security whether in physical or dematerialized form;
- i) an intermediary promising a certain price in respect of buying or selling of a security to a client and waiting till a discrepancy arises in the price of such security and retaining the difference in prices as profit for himself;
- j) an intermediary providing his clients with such information relating to a security as cannot be verified by the clients before their dealing in such security;
- k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;
- l) an intermediary reporting trading transactions to his clients entered into on their behalf in an inflated manner in order to increase his commission and brokerage;
- m) an intermediary not disclosing to his client transactions entered into on his behalf including taking an option position;
- n) circular transactions in respect of a security entered into between intermediaries in order to increase commission to provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security;
- o) encouraging the clients by an intermediary to deal in securities solely with the object of enhancing his brokerage or commission;
- p) an intermediary predating or otherwise falsifying records such as contract notes.
- q) an intermediary buying or selling securities in advance of a substantial client order or whereby a futures or option position is taken about an impending transaction in the same or related futures or options contract.
- r) planting false or misleading news which may induce sale or purchase of securities.
- s) mis-selling of units of a mutual fund scheme;
  - Explanation.- For the purpose of this clause, "mis-selling" means sale of units of a mutual fund scheme by any person, directly or indirectly, by–
    - (i) making a false or misleading statement, or
    - (ii) concealing or omitting material facts of the scheme, or
    - (iii) concealing the associated risk factors of the scheme, or
    - (iv) not taking reasonable care to ensure suitability of the scheme to the buyer.
- t) illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person.

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## **INSIDER TRADING CODE**

**Explanation.-** For the purposes of this sub-regulation, for the removal of doubts, it is clarified that the acts or omissions listed in this sub-regulation are not exhaustive and that an act or omission is prohibited if it falls within the purview of above para (B) (regulation 3 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003), notwithstanding that it is not included in this sub-regulation or is described as being committed only by a certain category of persons in this sub-regulation.

### **6. PRESERVATION OF PRICE SENSITIVE INFORMATION**

6.1 No designated person shall pass on any price sensitive information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company.

6.2 No designated person shall communicate or counsel any unpublished price sensitive information to any person except 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.

6.3 No Designated Person shall communicate or counsel any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in the securities of the Company.

6.4 All Designated persons will have to keep the files containing confidential information relating to price sensitive information fully secured. Computer files must be kept with adequate security of login and password etc.

### **7. TRADING WINDOW**

The Designated persons shall be subject to Trading restrictions in the following manner – The trading window will be closed on the date of Board Meeting and shall remain closed upto 48 hours after the publication of the price sensitive information

(a) Board Decision of declaration of Financial Results (Quarterly, Half yearly and Annual)

(b) Board Decision on recommendation of Dividends (interim and final)

(c) Board decision on any major expansion plan or execution of new project

(d) Board decision on amalgamation, mergers, de-merger, acquisition, takeovers and buy back

(e) Board decision on disposal of the whole or substantially the whole of the undertaking

(f) Board decision on any event and / or changes in policies, plans or operations of the Company

Trading window may be closed by the Company during such time in addition to the above period as it may deem fit from time to time.

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## **INSIDER TRADING CODE**

### **8. RESTRICTIONS AND PROCEDURE FOR DIRECTORS, OFFICERS AND DESIGNATED PERSONS WHILE DEALING IN COMPANY SECURITIES**

Designated Persons may deal in Securities subject to compliance with the Regulations and this Policy.

#### **8.1 PROHIBITION IN DEALING IN SECURITIES OTHER THAN DURING A VALID TRADING WINDOW**

All Designated Persons shall conduct all their dealings in the securities of the Company only in a valid trading window within the threshold limit prescribed hereunder and shall not deal in any transactions involving the purchase or sale of the Company's securities during the period when the trading window is closed.

#### **8.2 VALID TRADING WINDOW FOR DEALING IN SECURITIES OF THE COMPANY**

- Trading window means a period other than the prohibited period;
- Prohibited period means:
  - o The period beginning from the next day following the date of intimation of the Board/Committee meeting is given to the concerned Stock Exchanges to consider any price sensitive information and ending after 48 hours from the time the Price Sensitive information is made public and;
  - o Such other period as may be specified by the Compliance Officer from time to time in consultation with the Chairman and/or Managing Director;

#### **8.3 PROCEDURES FOR DEALING IN THE SECURITIES OF THE COMPANY**

##### **8.3.1 Pre-Clearance of Trading In Securities of the Company**

All Designated Persons who intend to deal in securities of the Company in their own name or in the name of their dependent family members (above the minimum threshold limit), shall obtain pre-clearance of the transactions as per the pre-dealing procedure as described hereunder.

However, no Designated Person shall apply for pre-clearance of any proposed trade if such person is in possession of Unpublished Price Sensitive Information even if the trading window is not closed.

##### **8.3.2 Procedure for Pre-clearance of Trade**

- An application for pre-clearance of trade shall be made in specified format to the Compliance Officer Form 'G'.
- An undertaking Form 'H' shall be executed in favour of the Company by such persons incorporating, inter-alia, the following clauses, as may be applicable:
  - o Designated Person does not have any access or has not received "Price Sensitive Information";
  - o He/she has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction, he/she shall inform the Compliance Officer 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;
  - o That he or she has not contravened the "Policy for Prevention of Insider Trading" as notified by the Company from time to time; and
  - o That he or she has made a full and true disclosure in the matter.

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## **INSIDER TRADING CODE**

- The Compliance Officer shall consider the application made as above and shall issue the order as specified in 'Form I'.

### **8.3.3 Threshold Limit:**

The pre-clearance shall not be necessary, if the aggregate trade value of shares to be traded in a quarter in one or more transactions does not exceed Rs. 10,00,000/- (Ten Lacs).

### **8.3.4 Validity of Pre-clearance period**

Designated Persons shall execute their order in respect of securities of the Company within Seven Trading Days after the approval of pre-clearance is given and shall file within 2(two) trading days of execution of the trade, the details of such trade, with the Compliance Officer in Form 'J'. If the order is not executed within the time specified, he/she shall obtain preclearance again.

### **8.3.5 Restricted period**

All Designated Persons who buy or sell Securities shall not enter into an opposite transaction i.e. sell or buy during next six month following the prior transaction ("Restricted Period"). All Designated Persons shall also not take positions in derivate transaction in the Securities at any time. In case of any contra trade being 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 Board for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

## **8.4 TRADING PLAN**

An insider is 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.

Trading Plan shall:

- (a) not entail commencement of trading on behalf of the Insider earlier than six months from the public disclosure of the Plan.
- (b) not entail trading for the period between 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;
- (c) entail trading for a period of not less than twelve months;

The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to 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 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 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 commencement of the plan shall be deferred until such Unpublished Price Sensitive Information becomes Generally Available Information.

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## **INSIDER TRADING CODE**

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

### **9. DISCLOSURES**

#### **9.1 INITIAL DISCLOSURES**

(a) Every promoter, key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect;

(b) 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 of such appointment or becoming a promoter.

#### **9.2 CONTINUAL DISCLOSURES**

(A) Every promoter, employee 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 lakh rupees or such other value as may be specified;

(B) 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. Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

#### **9.3 DISCLOSURES BY OTHER CONNECTED PERSONS**

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.

#### **9.4 PERIODICAL DISCLOSURES**

All Designated Persons shall half yearly disclose to the Company, the details of securities transacted by him, his immediate relatives and by any other person for whom he takes trading decisions, during the period from 1st April to 30th September in Form 'E'.

#### **9.5 ANNUAL DISCLOSURES**

All Designated Persons shall submit to the Company an annual statement of details of securities transacted by him, his immediate relatives and by any other person for whom he takes trading decisions in Form 'F'.

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## **INSIDER TRADING CODE**

9.6 If trading in derivatives of the Company's securities is permitted by any law for the time being in force, the disclosures of trading in securities shall also include trading in derivatives of securities of the Company and the traded value of the derivatives shall be taken into account for purposes of this Clause.

### **10. PENALTY FOR CONTRAVENTION OF POLICY**

1. Every Employee and Designated Person shall be individually responsible for complying with the applicable provisions of this Policy (including to the extent the provisions hereof are applicable to their immediate relatives).
2. The persons who violate this Policy shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action which in respect of an employee may include wage freeze, suspension or termination of employment.
3. Action taken by the Company for violation of the Policy against any person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations.
4. In case it is observed by the Compliance Officer that there has been a violation of the Policy by any person, he/she shall forthwith inform the Compensation Committee of the Company about the violation. The penal action will be initiated on obtaining suitable directions from the Compensation Committee.
5. The Compliance Officer shall simultaneously inform SEBI about such violation. The person, against whom information has been furnished by the Company/Compliance Officer to SEBI for violations of the Policy, shall provide all information and render necessary co-operation as may be required by the Company/Compliance Officer or SEBI in this connection.

*Register Office* : A1, Corporate house, Shivalik Business Centre, Opp. Kens Ville Golf Academy, Bh Rajpath Club, Off s g Highway, Bodakdev, Ahmedabad – 380059, Gujarat - INDIA.

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