

CODE FOR PREVENTION FOR INSIDER TRADING

OBJECTIVE AND APPLICABILITY OF THE CODE

Prohibition of insider trading based on possession of the unpublished price sensitive information has been brought into force by Securities and Exchange Board of India (SEBI) through its regulations issued in 1992, in order to ensure that all investors in the market are placed on an equal footing in trading of securities.

Further, with a view to inculcate a self-imposed discipline for preserving, maintenance of the price sensitive and other confidential information as well as regulating Insider Trading etc., by the Directors, Officers and other designated employees, SEBI casted an obligation on the Listed Companies to evolve a policy and procedures for preventing insider trading and to implement the same as a self-regulatory mechanism. In compliance of the same, Visaka Industries Limited (hereinafter referred to as the 'Company' or 'Visaka') had adopted a Code of Conduct for Prevention of Insider Trading (hereinafter referred to as "the Original Code"), which was formulated with effect from May 17, 2003 and was amended from time to time in line with the various amendments introduced by SEBI.

In the mean-time, SEBI notified the SEBI (Prohibition of Insider Trading Regulations) 2015 on January 15, 2015 replacing the aforesaid two-decade old insider trading regulations with a new framework for prohibition of insider trading in securities and to strengthen the legal framework thereof. These new regulations have come into force with effect from May 15, 2015 and the same are made applicable to all the Companies whose shares are listed on the Stock Exchanges.

In compliance with requirements of the said regulations, this document titled "Visaka's Code of Conduct for Prevention of Insider Trading" (hereinafter referred to as "the Code") sets out the Code of Conduct prescribing the criteria to regulate, monitor and report trading by Directors, Key Managerial Persons (in short "KMPs"), Designated Employees and other connected persons of the Company.

It is to be noted that framework and criteria set hereunder is subject to such periodical reviews and the Board of Directors of the Company, may make such alterations as may be required from time to time to meet the exigencies which may arise out of statutory modifications or otherwise.

For the purpose of this Code,

1. The term Insiders in relation to the Company means and include the following:
 - a. Non-Executive Directors
 - b. Executive Directors
 - c. All functional Heads
 - d. All the employees of the Secretarial, Finance, Accounts and Taxation Department of the Company.
 - e. Other Management Employees in Manager and above grade in other departments
 - f. Executive Assistants/Secretaries of a to c above.
 - g. Statutory, Internal, Secretarial and Cost Auditors including their team involved in the audit of the Company.

- h. Any other person / employee occupies the position as an employee of the Company or associated with the Company or holds a position involving a professional or business relationship between himself and the Company, whether temporary or permanent, and who may reasonably be expected to have an access to unpublished price sensitive information in relation to the Company and notified as the designated person by the Compliance Officer.
 - 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 relationship 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.
 - j. Any person who has been during the six months prior to the concerned act associated with a company, in any capacity of employment relationship or 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.
 - k. any other person in possession of or having access to unpublished price sensitive information
 - l. Immediate relatives of the above persons.
2. **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.
3. **Unpublished Price Sensitive Information** means any information which relates directly or indirectly to the Company or its securities, that is not generally available and if published or made available generally, is likely to materially affect the price of securities of the Company and shall ordinarily including but not restricted to, information relating to the following:
- 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 or any other capital changes;
 - d. Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
 - e. Changes in Key managerial personnel and;
 - f. Material events in accordance with the listing agreement.

Definitions: Words used and not defined hereunder will have same meaning as defined and ascribed in the Securities and Exchange Board of India Act, 1992, Companies Act, 2013, Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and SEBI (Prohibition of Insider Trading Regulations) 2015 and rules and regulations made thereunder.

PROHIBITION OF SHARING OF UNPUBLISHED PRICE SENSITIVE INFORMATION AND PRESERVATION OF IT.

1. No Insider, in relation to the Company, shall:
 - a. either on his own or on behalf of any other person, deal in securities of the Company when he/she is in possession of unpublished price sensitive information or
 - b. communicate, provide or allow access to any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities.

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or profession or employment or information required under any law.

2. **Preservation of unpublished price sensitive information:** The Directors, KMP and the Designated Employees shall maintain the confidentiality of all Price Sensitive Information. The Directors, KMP and the Designated Employees shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company based on the same.
3. **Need To Know & Limited Access to Confidential Information:**
 - a. 'Price Sensitive Information' shall be handled on a "need to know" basis. Such 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
 - b. All non-public information directly received by any Directors, KMP and the Designated Employee should be reported to the head of his / her department / Compliance Officer.
 - c. Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word etc.
4. **Individual and personal responsibility of Insiders for complying with the LAW as well as the CODE:** Every Insider has the individual and personal responsibility for complying with the LAW as well as the CODE as applicable to them. The CODE provides guidelines only, and appropriate judgment should be exercised by all Insiders in connection with any Dealings in the Securities of the Company. These procedures setout herein are meant to put in place mechanism, which would help in ensuring that no Insider Trading takes place in contravention of this code. However, the same, by itself, cannot guarantee the desired result unless every Insider assumes total individual and personal responsibility to strictly comply with the CODE as well as the Law on Insider Trading.

An Insider may, from time to time, have to forgo a proposed transaction in the Company's Securities even if he or she planned to make the transaction before learning of the Price Sensitive Information and even though the Insider believes he or she may suffer an economic loss or forgo anticipated profit by waiting.

REGULATION AND MONITORING OF INSIDER TRADING:

Insiders shall be subject to trading restrictions as enumerated below:-

A. Trading Window:

- a. The Company has designated a notional “Trading Window”, as an instrument of monitoring trading by the Insiders.
- b. The Trading Window shall be closed during all or any class of insiders can reasonably expected to have possession of unpublished price sensitive information relating to the securities of the Company. Those situations may include as mentioned already, among others, like, financial results; declaration of dividends; any capital changes; Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business; Changes in Key managerial personnel and; Material events in accordance with the listing agreement.
- c. Insiders including their immediate relatives shall not trade securities of the Company during the closure of the period of trading window.
- d. Depending upon type of unpublished price sensitive information (UPSI) as contemplated above, the compliance officer shall determine closure of window and accordingly in advance intimate the same to all the insiders for their observation. In any case the minimum number of days that the trading window shall be closed before any such parameter shall be 7 days before the Board / Committee of the Board as the case may be considers any of the said UPSI. Such Trading Window will open 48 hours after the information becomes generally available.
- e. Exercise of Stock Options is allowed in the period(s) when Trading Window is closed. However, sale of the shares allotted on such exercise is not allowed when Trading Window is closed.
- f. The Compliance Officer may also from time to time notify closure of “Trading Window” applicable only to specified Insiders.

B. Pre-clearance of Trades:

- a. All Insiders who do not possess unpublished Price Sensitive Information and who intend dealing with the Securities of the Company exceeding Rs.5,00,000/- and more shall be required to get pre-clearance from the Compliance Officer by making an application along-with the declaration to the effect inter-alia, that the applicant is not in possession of any unpublished price sensitive information, has not contravened the Code as notified by the Company from time to time and He/she has made full disclosure in the matter.
- b. In case the said applicant has access to or receives “Unpublished Price Sensitive Information” after signing of this Undertaking but before the execution of the transaction, he/she shall inform the Compliance Officer of the change in his/her position and that he/she shall completely refrain from the dealing in the securities of the Company till such time such information becomes public. The format along-with the required undertakings to the above effect is enclosed herewith as Annexure -I.

- c. The applicant has to further submit statement of his/her holdings at the time of pre-clearance application as per the format enclosed herewith as Annexure-II. Permission for pre-clearance will be issued as per the format enclosed herewith as Annexure-III.
 - d. Insiders shall execute their order in respect of Securities of the Company within 7 (seven) trading days after the approval of pre-clearance is given by the Compliance Officer. The date on which the order is executed shall be intimated forthwith to the Compliance Officer as per the format enclosed herewith as Annexure-IV.
 - e. If the order is not executed within 7 (seven) trading days after the approval is given, the said insider must pre clear the transaction again and execute the same, following the aforesaid process.
- C. Holding Period:** All Insiders who buy or sell any number of securities of the Company shall not enter into any contra trade or an opposite transaction i.e. sell or buy any number of securities during the next 6 (six) months following the prior transaction. Taking of positions in derivative transactions in the shares of the Company will be regulated by the relevant applicable regulations in that connection. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- D. Waiver of holding period:** The Compliance Officer may waive the holding period in cases where the sale is necessitated by personal emergency after recording the reasons in writing. An application in this regard as per the format enclosed herewith as Annexure-V shall be made to the Compliance Officer.
- E. Trading Plans:** An insider shall, subject to satisfaction of following conditions, be entitled to formulate a trading plan for not less than 12 (twelve) months 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.
- a. Trading plan does not entail trading when trading window of the Company is closed for the purpose of declaring periodical financial results.
 - b. Operating multiple trading plans during the same period is not allowed under this code.
 - c. Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities of the Company are listed.
 - d. The trading plan once approved shall be irrevocable and an insider shall mandatorily have to implement the plan.
 - e. The trading plan shall be commenced after a statutory cool-off period of six months and after obtaining clearance from the compliance officer.

DISCLOSURES & REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:

A. Disclosure of holdings:

1. Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter or part of Promoter's Group shall disclose to the Company in Form A or Form B as the case may be, of the Insider Trading Regulations, the number of shares or voting rights held by such person and his / her immediate relative, within 7 (seven) days of such appointment or becoming a Promoter or part of Promoter's group.

2. All the Directors / KMP / Employees / Promoters / persons forming part of Promoter's Group shall disclose to the Company on a continuing basis in Form C of the Insider Trading Regulations, the total number of shares or voting rights held and any change, whether in one transaction or a series of transactions over any calendar quarter, of him/her and his/her immediate relative from the last disclosure made, if such change aggregates to a traded value in excess of Rs. 10,00,000 and this disclosure shall be made within 2 (two) trading days of:
 - a. The receipt of intimation of allotment of shares, or
 - b. The acquisition or sale of shares or voting rights, as the case may be.
3. The Company, within 2 (two) trading days of receipt of disclosure or from becoming aware of such information, shall notify to all the stock exchanges on which the shares of the Company are listed, the information of such trading as mentioned above.
4. The said form A, B and C are enclosed herewith as Annexure VI to VIII respectively.

B. Reporting of transactions: In addition to complying with the disclosure requirements as prescribed under this code,

1. All other connected persons other than above shall disclose to the Company in Form D of the Insider Trading Regulations, as per the format enclosed herewith as Annexure-IX, the number of shares or voting rights held by such person and his / her immediate relative, within 7 (seven) days of acquisition or change therein.
2. All holdings in securities of the Company by other Designated Employees at the time of joining the Company and changes thereon shall be reported to the Company in the format as per the format enclosed herewith as Annexure-IX.
3. All the Insiders shall disclose to the Company Annual statement of all holdings in Company's Securities as on 31st March every year, latest by 15th April as per the format enclosed herewith as Annexure-X.

COMPLIANCE OFFICER:

1. The Company appoints Company Secretary of the Company as the Compliance Officer who shall report to the Chairman of the Audit Committee of the Board of the Company for the compliances under this code.
2. The Compliance Officer shall be responsible for:
 - a. monitoring adherence to the rules for preservation of "Price Sensitive Information";
 - b. issuing notifications for any modifications in the policies, procedures and rules;
 - c. pre-clearing trades of Designated Employees' and their dependents' trades (directly or through respective department heads as decided by the Company);
 - d. monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of Directors of the Company;
 - e. Maintaining records of the Directors and the Designated Employees and any changes made therein.
 - f. Assisting all the Directors and the Designated Employees in addressing any clarifications regarding the Insider Trading Regulations and the Company's Code of Conduct.

- g. Maintaining record of the declarations given by the Directors / KMP / Designated Employees for a minimum period of 5 (five) years.
 - h. To place a status report before the Chairman of the Audit Committee detailing dealings in the securities by the Directors, KMP and Designated Employees along with the documents executed by such persons in accordance with the pre-dealing procedure prescribed under the Code on a monthly basis.
3. In order to discharge the functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge of these functions. In the performance of duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.
4. 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 Insider Trading Regulations and the Code.

PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT:

1. Any Insider who trades in Securities of the Company or communicates any information for trading in Securities of the Company, in contravention of the Code of Conduct shall be held guilty and penalized and appropriate action shall be taken by the Company, which may include wage freeze, suspension, ineligibility for future participation in the employee stock option plans or termination of their employment / contract, or such other action, as the Company may in this regard deem fit.
2. The penal action taken by the Company shall not preclude SEBI from taking any action in case of violation of the Insider Trading Regulations.
3. In case the Company / Compliance officer observes that there has been a violation of Insider Trading Regulations by any Directors / KMP / Designated Employees, the Compliance Officer shall inform SEBI about such violation. The concerned Directors / KMP / Designated Employees shall provide all the requisite information and render necessary co-operation as may be required by the Company / Compliance Officer / SEBI in this connection.

POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION

1. Section 12A of SEBI Act, 1992; inter0alia, stipulates that no person shall directly or indirectly—
 - a) engage in insider trading; or
 - b) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;
2. Section 15G of SEBI Act provides penalty for insider trading and reads as follows:

15G. If any insider who,

- i. either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or
- ii. communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or
- iii. counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

3. Section 24 of SEBI Act, which deals with offences reads as follows:

24. (1) Without prejudice to any award of penalty by the adjudicating officer under this Act, if any person contravenes or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations made thereunder, he shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

(2) If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.