

## **Code of Conduct for Prohibition of Insider Trading under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015**

### **(A Code of Conduct to regulate, monitor and report trading by Insiders)**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, came into force on 15<sup>th</sup> January, 2015 (hereinafter referred to as the “Regulations”) in terms of which the Company is required, inter alia, to frame a Code of Conduct for Prevention of Insider Trading (hereinafter referred to as “Chowgule Steamships Limited Insider Code”) by employees of the Company, including the Directors, in relation to the securities of the Company.

The New Code of Conduct for Prevention of Insider Trading (hereinafter referred to as “the Code”) is being introduced to replace the earlier Code of Conduct for Prevention of Insider Trading (effective 13<sup>th</sup> May, 2015) to enhance the standards of governance and to take into account certain changes in the SEBI Insider Trading Regulations as per SEBI (Prohibition of Insider Trading) Regulations 2015 as amended in the organization.

This Code shall come into force w. e. f. 19<sup>th</sup> January 2010 and shall be applicable to the Senior Management and all Designated persons of the company present and future.

In line with the said Regulations, the following “Insider Code” has been adopted by the Board of Directors of the Company and thereafter modified from time to time:

### **1. INTRODUCTION**

This Insider Code is applicable to all Designated persons, their dependent family members, connected Persons, Promoter and Promoter Group of the Company.

### **2. DEFINITIONS**

**(a) “Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).

**(b) “Board”** means Board of Directors of Chowgule Steamships Limited

**(c) “Dependent family members”** for the purpose of the Insider Code means dependent parents, dependent children, dependent spouse and any other relative(s) dependent of the Designated Employee.

**(d) “Compliance Officer”** for the purpose of this code, shall be the Company Secretary of the Company. “compliance officer” means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be;

[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];<sup>1</sup>

**(e) “Designated Persons” or “ Connected Person ”** shall cover the following:

i) The term “designated person(s) ” for purposes of these regulations shall mean:

- a) employees of such listed company / market intermediaries/ fiduciaries and its material subsidiaries and associates company (s), designated on the basis of their functional role or access to UPSI in the organization by its Board.
- b) All promoters for listed companies and promoters who are individuals or investment companies for market intermediaries/ fiduciaries.
- c) CEO and upto two levels below CEO of such listed company / market intermediary/ fiduciaries and its material subsidiaries and associate company (s) irrespective of their functional role in the company or ability to have access to UPSI.
- d) Any support staff of listed company/ market intermediary/ fiduciaries such as IT staff or secretarial staff who have access to UPSI. Disclosure has to be given as per SCHEDULE C of sub-regulation (1) and sub-regulation (2) of regulation 9.

ii) “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

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<sup>1</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

- 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;

(an “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)

**(f) "insider"** means any person who is:

- i. a connected person; or
- ii. in possession of or having access to unpublished price sensitive information; or who is reasonably expected to have access, connection, to unpublished price sensitive information

**(g) “Officer of the Company”**

‘Officer’ for the purpose of this code would mean any director, manager or secretary or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act. And also as defined in clause (30) of section 2 of the Companies Act, 1956, Statutory auditors and Internal Auditors of the Company and all designated employees of the Company.

**(h) “generally available information”** means information that is accessible to the public on a non-discriminatory basis;

**(i) “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.

**(j) “Securities ”** shall mean and include Equity Shares and Derivatives on shares of the Company. shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

**(k) “Promoter” and “Promoter group”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

**(l) “proposed to be listed”** shall include securities of an unlisted company:

- i. if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or
- ii. if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013;]

**(m) "Working days"** shall mean the working day when the regular trading is permitted on the concerned stock exchange where securities of the Company are listed.

**(n) "specified"** means specified by the Board in writing;

All the other terms used in the Insider Code shall have the same meaning as assigned to them under the Regulations.

**(o) "takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

**(p) "securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

**(q) "trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

**(r) "trading day"** means a day on which the recognized stock exchanges are open for trading;

**(s) "unpublished price sensitive information"** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- a. financial results;
- b. dividends;
- c. change in capital structure;
- d. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- e. changes in key managerial personnel; and

### **3. COMPLIANCE OFFICER – AUTHORITY TO DELEGATE**

In case the Compliance Officer is not available either on account of his being on leave or on his being away from the Head Quarters of the Company for a period of 7 (seven) days or more, he

shall delegate his authority to any executive or any other person as he/she may deem fit and appropriate who shall act as Compliance Officer during the period of his absence.

#### **4. PROHIBITION TO TRADE IN SECURITIES OF THE COMPANY BY DESIGNATED EMPLOYEES**

- Designated Employees of the Company when in possession of any unpublished price sensitive information, as defined in the Regulations, pertaining to the Company, shall not:
  - a) Trade in securities of the Company, either on their own behalf or on behalf of any other person, except provided otherwise.
  - b) Communicate, counsel, procure or allow access to any unpublished price sensitive information to / from any person, except in furtherance of a legitimate object or performance of duties.
  - c) Designated Employees shall maintain the confidentiality of all price sensitive information. 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.
  
- All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person including information relating to legitimate purposes that shall include sharing of UPSI 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;, performance of duties or discharge of his legal obligations.

#### **Communication or procurement of unpublished price sensitive information.**

- (1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
  
- (2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
  
- (3) Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–

- (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
  - (ii) not attract 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 the proposed transaction 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.
- (4) For purposes of sub-regulation (3), 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 purpose of sub- regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

#### **Trading when in possession of unpublished price sensitive information**

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

Provided that when a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession;

Provided further that the insider may prove his innocence by demonstrating the circumstances including the following : –

(i) the transaction is an off-market inter-se transfer between insiders and were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained under Regulation 3 (3) of the PIT Regulations.

(ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision; Provided that such unpublished price sensitive information was not obtained by either person under Regulation 3 (3) of the PIT Regulations.

(iii) the transaction in question was carried out pursuant to a bona fide statutory or regulatory obligation to carry out such transaction.

(iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.

(v) in the case of non-individual insiders: –

(a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and

(b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

(iii) the trades were pursuant to a trading plan set up in accordance with regulation 5.

(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

(3) The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

Designated Employees shall not buy/sell securities of the Company during Closure of **the 'Trading Window'**, i.e. the period during which trading in the securities of the Company is prohibited.

## **5. TRADING WINDOW AND TRADING RESTRICTION**

- Designated person and their dependents shall not buy/sell securities of the Company during closure of the “Trading Window”, i.e. the period during which trading in the securities of the Company is prohibited.
- Trading Window shall be closed during the following periods:
  - a) From 01 April/ 01 July/ 01 October/ 01 January of the Financial year till forty-eight hours after the announcement of the financial results for the relevant period to the Stock Exchanges.

- b) From the date of circulation of the agenda for the meeting of the Board of Directors, in which any material, price sensitive and unpublished event, including the following, are proposed:
- Financial Results
  - Change in Capital Structure
  - Issue of securities;
  - Buyback and splitting of securities; Dividends;
  - Significant expansion plans or new projects;
  - mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - changes in key managerial personnel;
  - Disposal of whole or substantially the whole of the undertaking;
  - Significant changes in plans or operations of the Company, and

The Trading Window shall open 48 hours after close of the Board meeting at which decisions in respect of the above events are taken or after the information in respect of the above events is made public, whichever is later.

## **6. TRADING PLANS**

- 1) An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.
- 2) Such 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 the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
  - c. entail trading for a period of not less than twelve months;
  - d. not entail overlap of any period for which another trading plan is already in existence;
  - e. set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
  - f. not entail trading in securities for market abuse.



- 3) 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.

Provided that pre-clearance of trades shall not be required for any trades in accordance with the trading plan once trading plan has been approved by the compliance officer.

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with the trading plan approved by the compliance officer.

- 4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

*Provided that* the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

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

## **7. PROCEDURE OF PRE-CLEARANCE**

- Designated person and their dependents shall require prior clearance from the Compliance Officer or Executive Chairman in respect of purchase/sale of securities of the Company, where the quantity exceeds 10000 (Ten thousand) shares in a month (either in one transaction or in a series of transactions). Such purchase/sale of securities by the Compliance Officer shall require prior clearance from the Managing Director.
- Purchase/sale transactions, for which prior clearance has been obtained, shall be executed within seven days after the approval of preclearance is given, failing which a fresh preclearance shall be required.

- Persons covered under the pre-clearance requirement shall file the details of the transactions in the format prescribed under Form with the Compliance Officer within 30 (thirty) days of the exercise of the trade. Even in cases where the transaction has not been undertaken, the same should be reported in the above format.
- Designated employees in possession of unpublished price sensitive information shall not apply for any pre-clearance even if the trading window is not closed.

## **8. MINIMUM HOLDING PERIOD**

Designated persons who buy or sell any number of Equity shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of Equity shares during next six months following prior transaction.

## **9. THRESHOLD LIMIT AND DISCLOSURES**

Designated persons and their dependent family members and any person who is a Promoter or part of Promoter group shall make the following disclosures of shares and other securities held in the Company by them to the Compliance Officer:

### *(1) Initial Disclosures*

- Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall disclose his and his dependents holding of securities of the company as on the date of appointment or becoming a promoter in Form B, to the company within seven days of such appointment or becoming a promoter. This disclosure shall be made within 7 working days of becoming a Designated Employee/Director/promoter.

### *(2) Continual Disclosures*

- Annual disclosure of number of shares and other securities held as on 31st March, including details of purchase/sale of shares, positions taken in derivatives and other securities during the financial year including statement of dependent family members shall be made by the Designated person. This disclosure shall be made within 30 days from the close of each financial year.
- Disclosures shall also be made by Designated persons holding more than 5% shares to the Company in Form C of the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made and such change exceeds 2% of the total shareholding or voting rights in the Company.

- Disclosures shall also be made by Designated persons to the Company and to the Stock Exchanges where the securities of the Company are listed about the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such shareholding of such Designated persons and their dependents and the change exceeds Rs.5 lakhs in value or 25,000 Equity shares or 1% of total shareholding or voting rights, whichever is lower. This disclosure shall be made within 2 working days in Form D.
- Disclosures shall also be made by any person who is a Promoter or part of Promoter group to the Company and to the Stock Exchanges where the securities of the Company are listed about the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such shareholding of such persons and the change exceeds Rs. 5 lakhs in value or 25,000 Equity shares or 1% of total shareholding or voting rights, whichever is lower. This disclosure shall be made within 2 working days in **Form D**.

## **10. RECORDS**

The Compliance Officer shall maintain records of all the declarations made in the appropriate form for a minimum period of 5 years.

The Compliance Officer shall also maintain a record of the Designated persons and any changes made in the list of the Designated persons.

## **11. PENALTIES FOR CONTRAVENTION**

- Persons governed by this Code who trade in securities or communicate any information for trading in securities in contravention of the provisions of this Code shall be penalized and appropriate action may be taken by the company.
- Persons governed by this Code who violate the provisions of this Code shall be subject to disciplinary action by the company which may include wage freeze, suspension, and ineligibility for future participation in Employees Stock Option Scheme etc.
- It is hereby clarified that notwithstanding any penal action taken by the company, it shall not in any way preclude SEBI from taking any action in violation of the Regulations or any other applicable Laws and Enactments.
- Any material contravention of the Insider Code shall be placed before the Stakeholder 's Relationship Committee (SRC) and actions shall be initiated with due consultation with the Chairman and Managing Director/Whole Time Director (CMD) and Stakeholder 's Relationship Committee of the Company.

## **12. AUTHORITY TO MAKE ALTERATIONS**

The Board of Directors are authorized to make such alterations to this Code as considered appropriate, subject, however, to the condition that such alterations shall not be inconsistent with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **13. GENERAL**

A copy of the Regulations is enclosed. Designated persons are advised to peruse the Regulations carefully and acquaint themselves with all the provisions contained therein. The Compliance Officer will be available for clarification/assistance that may be necessary.