

BLUE CHIP TEX INDUSTRIES LIMITED



CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT THE INSIDER TRADING BY DESIGNATED PERSONS

1. Preamble :

The issue concerning dealing in the securities of a Company, based on the information to which one is a privy, at the cost of those who do not have access to such information, has been haunting the Capital Market Regulators world over. This concept is known as "Insider Trading" and is illegal. Dealing in the securities of a Company per se, by one who is an "Insider" is not illegal. However, if the "Insider" deals in the securities of a Company based on the information about that Company, to make profit, at the expense of other investors, who do not have access to such information, is illegal.

All the Directors, Key Managerial Personnel (KMP), Designated Persons, Officers and connected persons of the Company are advised to carefully go through and familiarize themselves with and adhere to the Regulations and the Code.

The said policy framework overrides the earlier Code of Conduct for Insider Trading, hereinafter referred to as "Code of Conduct", as adopted by the Company. This Code of Conduct shall be effective from 01st April, 2019.

2. Objective :

The Company endeavors to preserve the confidentiality of unpublished price sensitive information (UPSI) and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

This Code of Conduct is adopted with an objective to regulate, monitor and report trading of the Company's securities by Directors, Key Managerial Personnel (KMP), Designated Person and Connected Persons to ensure compliance with SEBI

(Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013 and amendments thereto.

3. Definitions :

In this Code, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:-

3.1. "Act"

"Act" means the Securities and Exchange Board of India Act, 1992 and includes SEBI (Prohibition of Insider Trading) Regulations, 2015.

3.2. "Board"

"Board" means the Securities and Exchange Board of India.

3.3. "Company"

"The Company" means Blue Chip Tex Industries Limited.

3.4. "Code" or "Code of Conduct"

"Code" or "Code of Conduct" shall mean the Code of Conduct to Regulate, Monitor and Report Trading by Designated persons of Company as amended from time to time.

3.5. "Chairman"

"Chairman" shall mean the Chairman of the Board of Directors of the Company.

3.6. "Compliance Officer"

"Compliance Officer" means the Company Secretary of the Company 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 SEBI (Prohibition of Insider Trading) Regulations, 2015 under the overall supervision of the Board of Directors of the Company.

3.7 "Connected Person"

"Connected Person" means -

- (i) any person who is or has during the six months prior to the concerned act been associated with 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 Company or holds any position including a professional or business relationship between himself and 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) All Directors of Company; or*
- b) Officers in the grade of Vice Presidents, Senior General Managers and General Managers employed in Company and their immediate relative/s; or*
- c) All employees of Finance, Secretarial and Legal Departments of Company; or*
- d) All members of the Senior Leadership Team reporting to the Chairman of Company; or*
- e) All members of the Operations Leadership Team reporting to the Chief Operating Officer of Company; or*
- f) All members of the Leadership Teams of all subsidiary Company/ies and/ or associate Company/ies; or*
- g) An immediate relative of connected persons specified in clause (i); or*
- h) A holding Company or associate Company or subsidiary Company of Company; or*
- i) An asset management Company or an employee or director thereof; or*
- j) A concern, firm, trust, Hindu undivided family, Company or association of persons wherein a director of Company or his immediate relative or banker of Company, has more than ten per cent. of the holding or interest; or*
- k) Such other employee/s of Company or its group companies, as may be specified by the Compliance Officer from time to time.*

3.8. "Designated Person":

"Designated Person" shall mean persons specified by the Board of Directors in consultation with Compliance officer, on the basis of their role and function in the organization and shall include:

- a) Directors;*
- b) Promoters and Promoter Group;*

- c) *Key Managerial Personnel;*
- d) *Auditors;*
- e) *Employees of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by the Board of Directors;*
- f) *Employees of material subsidiaries of the Company designated on the basis of their functional role or access to unpublished price sensitive information in the organization by the Board of Directors;*
- g) *Chief Executive Officer and employee's upto two levels below Chief Executive Officer of the Company and its material subsidiaries irrespective of their functional role in the Company or ability to have access to unpublished price sensitive information.*
- h) *Any support staff of the Company such as IT staff or secretarial staff who have access to unpublished price sensitive information.*
- i) *Immediate Relatives of the persons specified in (i) to (viii) above.*

3.9. "Financial Year":

"Financial Year" shall mean period of 12 months commencing from April 1 and ending on March 31.

3.10. "Generally Available Information":

"Generally Available Information" means information that is accessible to the public on a non-discriminatory basis;

3.11. "Immediate Relative" :

"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;

3.12. "Insider":

"Insider" shall mean a person who is:

- a) *a connected person; or*
- b) *In possession of or having access to unpublished price sensitive information.*

3.13. "Key Managerial Personnel":

"Key Managerial Personnel" shall mean key managerial personnel, as defined under the Companies Act, 2013 and includes:-

- a) the Chief Executive Officer or the Managing Director or the Manager;*
- b) the Company Secretary;*
- c) the Whole-time director; and*
- d) the Chief Financial Officer.*

3.14. "Promoter":

"Promoter" 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.

3.15. "Promoter Group":

"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.

3.16. "Securities":

"Securities" shall mean Equity shares of Company listed on various stock exchanges.

3.17. "Takeover Regulations":

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

3.18. "Trading":

"Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in the Securities in any manner and "Trade" shall be construed accordingly;

3.19. "Trading Day":

"Trading Day" means a day on which the recognized stock exchanges are open for Trading;

3.20. "Threshold Limit":

"Threshold Limit" shall mean an amount of Rs. 10 Lakhs for the purpose of Trading in Securities of Company during any Financial Year.

3.21. "Trading Window Period":

"Trading Window Period" shall mean the period in which Trading in the Securities can be made by the Insider.

3.22. "Unpublished Price Sensitive Information":

"Unpublished Price Sensitive Information" shall mean —

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 and shall, ordinarily including but not restricted to, information relating to following-

- a) Financial results;*
- b) Dividends;*
- c) Change in capital structure;*
- d) Merges, de-merges, acquisitions, delisting, disposals and expansion of business and such other transactions;*
- e) Changes in key managerial personal;*

3.23. "Regulations"

"Regulations" shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

3.24. "Specified Persons"

"Specified Persons" means the Directors, connected persons, the insiders, the Designated Employees and the promoters and immediate relatives are collectively referred to as Specified Persons.

- B. Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made*

thereunder shall have the meanings respectively assigned to them in those legislation.

4. Preservation of "Price Sensitive Information"

- 4.1.** *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.*

To prevent the misuse of confidential information, the Company has laid down the procedures to maintain the confidentiality with respect to the Company's business operations and activities by Designated Persons, wherein the Designation Person shall:

- a) maintain the confidentiality of Company related transactions;*
- b) securely maintain all documents and files (including computer files) containing confidential information and documents relating to UPSI;*
- c) handle dissemination of UPSI to any other person on "need to know basis" i.e. UPSI should be communicated to any person only in furtherance of legitimate purposes, performance of duties or discharge of legal obligations;*
- d) promptly remove and clean up all confidential documents and other materials from conference rooms following the conclusion of any meetings*
- e) properly dispose of all confidential documents and other papers, after there is no longer any business or other legally required need;*
- f) immediately report to the Compliance Officer, any non-public information directly received by any them;*
- g) restrict access to areas likely to contain confidential documents or material, non-public information by separating those departments which routinely have access to UPSI from other departments and avoid discussion of material, UPSI in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs;*
- h) ensure that any personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.*

4.2. Need to Know Basis

- a) ("need to know" basis means all information to be handled within the organization on a need-to-know basis and no Unpublished Price Sensitive Information (UPSI) shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his/her legal obligations.
- b) the Unpublished Price Sensitive Information (UPSI) 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.
- c) All non-public information directly received by any employee should immediately be reported to the head of the department.

4.3. Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

4.4. Chinese Wall

- 4.4.1. To prevent the misuse of confidential information the organisation / firm shall adopt a "Chinese Wall" policy which separates those areas of the organisation/firm which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale/marketing/investment advice or other departments providing support services, considered "public areas".
- 4.4.2. The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.
- 4.4.3. The employees in inside area may be physically segregated from employees in public area.
- 4.4.4. Demarcation of the various departments as inside area may be implemented by the organisation / firm.
- 4.4.5. In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the compliance officer.

5. Communication or procurement of Unpublished Price Sensitive Information.

- 5.1.** *The Insider shall not communicate, provide or allow access to any Unpublished Price Sensitive Information to any person except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.*
- 5.2.** *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.*
- 5.3.** *Any person in receipt of unpublished price sensitive information pursuant to a "Legitimate purpose" shall be considered an "insider" for purposes of these code and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.*
- 5.4.** *An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-*
- a) entail an obligation to make an open offer under the takeover regulations and 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.*
 - b) 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.*
- 5.5.** *For sharing of such information as stated in sub clause 5.4 , the Company 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-clause 4.4, and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.*
- 5.6** *The Compliance Officer shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom such information is shared under this regulation along with the Permanent Account Number*

or any other identifier authorized by law where Permanent Account Number is not available.

Such databases shall be maintained with adequate internal controls and Compliance officer shall ensure non-tampering of the database by conducting audit trail and time stamping of such information.

6. Responsibilities and obligations of the Insiders :

- 6.1** *Insider shall not on his own behalf or on behalf of any other person Trade in Securities when in possession of any Unpublished Price Sensitive Information.*
- 6.2** *Insider shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not pass on such information to any person directly or indirectly by way of making a recommendation for Trading in Securities.*
- 6.3.** *Insider shall not deal in the Securities during the Trading Window Closure Period.*
- 6.4.** *No Insider shall deal in Securities above the Threshold Limit, during the Trading Window Period, unless prior written clearance is taken from the Compliance Officer. The application for such clearance shall be in such form and be accompanied by such undertaking as may be prescribed by Company from time to time.*
- 6.5.** *If such Insider fails to Trade in Securities within seven (7) Trading Days of the date of the said clearance, the Insider shall seek fresh clearance from the Compliance Officer.*
- 6.6.** *All Insiders who buy or sell any number of Securities of Company shall not enter into an opposite transaction i.e. sell or buy any number of Securities during the next six months following the prior transaction. No Insider shall take positions in derivative transactions in the Securities of Company at any time.*
- 6.7.** *The Insider shall handle all price-sensitive information relating to Company within the organisation strictly on a 'need-to-know' basis.*
- 6.8.** *Every Insider who trades in the Securities of Company shall within two (2) days of such Trade disclose full information of such Trade to the Compliance Officer in such format as may be prescribed.*
- 6.9.** *Trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.*

7. Disclosure by Insiders:

7.1 Initial Disclosure:

a) Every promoter, member of the promoter group, key managerial personnel, director and employees of Company to the extent being covered under the definition of Insider, shall disclose to the compliance officer the details of his holding of securities as on 1st April, 2019 on or before 30th April, 2019.

b) Every person on appointment as a key managerial personnel or a director of Company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of Company as on the date of appointment or becoming a promoter, to the Company within seven (7) days of such appointment or becoming a promoter.

7.2. Continual Disclosure:

a) Every promoter, member of the promoter group, designated person and director of Company shall disclose to the Compliance officer, the number of such securities acquired or disposed of within two (2) 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 (10) lakh rupees or such other value as may be specified.

b) Company shall notify the particulars of such trading to the exchange on which the securities are listed within two(2) trading days of receipt of the disclosure or from becoming aware of such information.

7.3. Disclosures by other connected persons:

Company may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities, in such form and at such frequency as may be determined by the Board of Directors in order to monitor compliance with PIT Regulations.

7.4. Disclosure by Designated Person:

(I) One time

The Designated Person shall disclose the following information, within 15 days from the date on which this code shall become effective, to the Company in the format as may be prescribed by the Compliance Officer:

- a) *the name of educational institutions from which designated persons have graduated; and*
- b) *names of all their past employers.*

(II) Annual Disclosure

The Designated Person shall disclose the following information, within 30 days from the end of every Financial Year, to the Company in the format as may be prescribed by the Compliance Officer:

- a) *Name of Immediate Relatives;*
- b) *Persons with whom such designated person shares a Material Financial Relationship;*
- c) *Permanent Account Number or any other identifier authorized by law of (a) and (b) above;*
- d) *Phone, mobile and cell numbers of (a) and (b) above.*
- e) *Name of Educational Institutions from which designated persons have graduate.*
- f) *Name of past employers.*

Explanation: "material financial relationship" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the 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.

(III) Continual Disclosure

The Designated Person shall disclose any change in the information provided in sub clause (II) above, within 15 days of change in such information, to the Company in the format as may be prescribed by the Compliance Officer.

The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors / officers / designated employees for a minimum period of five years.

8. Responsibilities of Compliance Officer :

8.1. The Compliance Officer shall —

- a) *Aid the Board of Directors of the Company to specify the designated persons to be covered by the code of conduct on the basis of their role and function in the*

organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.

- b) *prescribe the Forms in which disclosures will be made by the Insiders.*
- c) *maintain record of the Insiders;*
- d) *provide clarification or send reply to the query/ies raised by the Insiders;*
- e) *announce Trading Window Period;*
- f) *pre-clear Trading in the Securities by Insiders on such terms and conditions as he/she may deem fit;*
- g) *submit provide periodic reports to the Board of Directors and a monthly report to the Chairman of the Board of Directors in respect of any Trading in the Securities by the Insider/s and Designated Person/s;*
- h) *be responsible for ensuring compliance under this Code, overseeing and coordinating disclosure of UPSI to Stock Exchanges, Shareholders, Analysts and Media and for educating the Company's staff on disclosure policies and procedure.*
- i) *in consultation with the Board of Directors, inform SEBI of any violation of PIT Regulations.*
- j) *give due notice to any person who is in receipt of UPSI, informing them to maintain confidentiality of such UPSI.*
- k) *propose the necessary changes to the Code, in line with the applicable laws, from time to time and amend the Code as and when such changes are approved by the Board of Directors.*
- l) *generally administer this Code.*

9. Internal Control :

The internal controls shall include the following:

- a) *all employees who have access to UPSI are identified as Designated Employee;*
- b) *all the UPSI shall be identified and its confidentiality shall be maintained as per the requirements of PIT Regulations;*
- c) *adequate restrictions shall be placed on communication or procurement of UPSI;*
- d) *lists of all employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;*

- e) all other relevant requirements specified under PIT Regulations shall be complied with; and
- f) periodic process review to evaluate effectiveness of such internal controls.

The Audit Committee of the Board of Directors of the Company shall review compliance with the provisions of PIT Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

10. Procedures to maintain confidentiality of UPSI :

All information shall be handled within the organisation on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

To prevent the misuse of confidential information, the Company has laid down the procedures to maintain the confidentiality with respect to the Company's business operations and activities by Designated Persons, wherein the Designation Person shall:

- a) maintain the confidentiality of Company related transactions;
- b) securely maintain all documents and files (including computer files) containing confidential information and documents relating to UPSI;
- c) handle dissemination of UPSI to any other person on "need to know basis" i.e. UPSI should be communicated to any person only in furtherance of legitimate purposes, performance of duties or discharge of legal obligations;
- d) promptly remove and clean up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- e) properly dispose of all confidential documents and other papers, after there is no longer any business or other legally required need;
- f) immediately report to the Compliance Officer, any non-public information directly received by any them;
- g) restrict access to areas likely to contain confidential documents or material, non-public information by separating those departments which routinely have access to UPSI from other departments and avoid discussion of material, UPSI in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs;

- h) ensure that any personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.*

11. Dissemination of UPSI

No UPSI shall be passed by any Insider and Designated Person by way of making a recommendation for the purchase or sale of securities of the Company.

No UPSI shall be disseminated with any special reference to analysts, media persons and institutional investors. The following guidelines shall be followed while dealing with analysts and institutional investors:-

- a) Only public information shall be provided;*
- b) At least 2 (two) Company representatives be present at meetings with analysts, media persons and institutional investors;*
- c) Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement should be made before responding;*
- d) Simultaneous release of information to Stock Exchanges where the securities of the Company are listed, after every such meet.*

12. Trading in Securities of the Company :

I) Restriction on trading when in possession of UPSI

The Compliance officer shall ensure that no person shall trade in securities of the Company at any time when such person is in possession of or has access to any UPSI pertaining to the Company or its securities. It is also ensure that such persons shall maintain the confidentiality of all price sensitive information and shall not pass on such information to any person directly or indirectly, whether by way of making recommendation for the purchase and sale of the securities or otherwise.

In case, a person who has traded in securities at the time in possession of UPSI, such trades would be presumed to have been motivated by the knowledge and awareness of such information in their possession.

(II) Defence to Insider when trading in possession of UPSI

a) Insiders may prove their innocence by demonstrating the circumstances including the following:

- a) the transaction is an off-market inter-se transfer between Insiders who were in possession of the same UPSI without being in breach of Clause 5 of this Code and both parties had made a conscious and informed trade decision;*

Provided that such UPSI was not obtained under sub clause 5.4 of this code.

Provided further that such off-market trades shall be reported by the Insiders to the Company within two working days and the Company shall inform to the Stock Exchange within 2 working days from receipt of the disclosure or from becoming aware of such information.

- b) the transaction was carried out through the Block Deal Window Mechanism between persons who were in possession of the UPSI without being in breach of Clause 9 of this Code and both parties had made a conscious and informed trade decision;*

Provided that such UPSI was not obtained by either person under Sub clause 5.4 of this Code.

Explanation: A separate window is provided by the Exchange for executing block deals i.e trades having value greater than or equal Rs. 10 crores, executed through Block deal window.

- c) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.*

- d) *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.*
- e) *in the case of non-individual Insiders:*
 - 1. *the individuals who were in possession of such UPSI were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such UPSI when they took the decision to trade; and*
 - 2. *appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no UPSI 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;*
- f) *the trades were pursuant to a Trading Plan submitted by the Insider to the Compliance Officer.*

(III) Pre-clearance of Trades

All Designated Persons who intend to trade in the securities of the Company for sale/ purchase etc. of traded value over 10 (Ten) Lakh Rupees, should seek pre-clearance for such transactions. These transactions shall take place only in period other than the Restricted/ Shut Period.

An "Application for pre-clearance" shall have to be made in the prescribed form to the Compliance Officer, along with:

- a) *a "Statement of Shareholding at the time of Pre-Clearance" in the prescribed form; and*
- b) *an Undertaking in the prescribed form.*

The Compliance Officer shall seek declarations, prior to approving any trades, to the effect that the applicant for pre-clearance is not in possession of any UPSI.

No Designated Person shall apply for pre-clearance of any proposed trade if he is in possession of UPSI even if the trading window is open.

13. Trading Plan :

The PIT Regulations envisages the concept of formulation of a "Trading Plan" whereby Insiders, who may be perpetually in possession of UPSI, can plan for trades to be executed in the future in pursuance of a pre-determined trading plan and thus enable them to trade in securities in a compliant manner in accordance with the PIT Regulations.

Formulation of Trading Plan

An Insider shall formulate the trading plan subject to compliance with the following provisions:

- a) The trading plan shall be approved by compliance officer and shall be disclosed in public.*
- b) Commencement of trading under the trading plan shall take place only after six months from public disclosure of the trading plan.*
- c) There shall be no trading in the securities of the Company from the end of the every quarter till second trading day after disclosure of Financial Results.*
- d) The trading plan shall be for a minimum period of twelve months.*
- e) There shall be no overlap with any period for which another trading plan is in place.*
- f) The trading plan should set out either of the following details:*
 - i. Value of trades to be effected or the number of securities to be traded;*
 - ii. Nature of the trade i.e. acquisition/disposal;*
 - iii. Intervals at or dates on which trades shall be effected.*
- g) Trading plan should not entail trading in securities for market abuse.*

The Insider shall present the formulated Trading Plan to the Compliance Officer, as per the format prescribed by Company, for approval and public disclosure.

The implementation of the trading plan shall not be commenced if any UPSI 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 UPSI becomes generally available information.

Approval of Trading Plan by the Compliance Officer

The Compliance Officer shall:

- a) review the trading plan to assess whether the plan would have any potential for violation of the PIT Regulations;*
- b) seek express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan;*
- c) seek declarations from the Insiders that they are not in possession of UPSI or for ensuring that any UPSI in their possession will become generally available before they commence executing his trades.*

The trading plan once approved shall be irrevocable and the Insider has to mandatorily implement the plan, without deviating from it or to executing any trade in the securities outside the scope of the trading plan.

The Trading Plan as approved by the Compliance Officer shall be notified to the Stock Exchanges on which the securities of the Company are listed (public disclosure of trading plan), pursuant to which trades may be carried out on his behalf in accordance with such plan.

Pre-clearance of trades, trading window norms and restrictions on contra trade shall not be required for and be applicable to trades executed and carried out as per an approved trading plan.

14. Dissemination of UPSI

No UPSI shall be passed by any Insider and Designated Person by way of making a recommendation for the purchase or sale of securities of the Company.

No UPSI shall be disseminated with any special reference to analysts, media persons and institutional investors. The following guidelines shall be followed while dealing with analysts and institutional investors:-

- a) Only public information shall be provided;*
- b) At least 2 (two) Company representatives be present at meetings with analysts, media persons and institutional investors;*
- c) Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement should be made before responding;*
- d) Simultaneous release of information to Stock Exchanges where the securities of the Company are listed, after every such meet.*

15. Policy for inquiry in case of leak/ suspected leak of UPSI :

In terms of Regulation 9A(5) of the PIT Regulations, a "Policy for inquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information" as approved by the Board of Directors as a part of this Code, is annexed as "Annexure I".

16. Investigation :

- 16.1.** *The Compliance Officer shall upon receipt of complaint or on his own, upon suspecting contravention of this Code, within fifteen (15) days with the approval of the Chairman commence investigation.*
- 16.2.** *The Compliance Officer shall submit a report of his findings to the Chairman within fifteen (15) days of commencement of investigation or such extended time period as the Chairman may approve.*
- 16.3.** *The Compliance Officer shall have right to call for information, examination, interrogation, recording evidence, etc.*
- 16.4.** *In any investigation of suspected contravention of this Code, the onus to prove that there is no violation of this Code shall be on the Insider concerned.*
- 16.5.** *The Chairman, after consideration of the investigation report shall communicate the findings to the person being investigated and accord him an opportunity of being heard*

and or to give explanation in writing before taking any action as contemplated in this Code.

17. Penalty for Contravention of Code of Conduct :

17.1. *The Chairman, upon completion of investigation, if Insider is found to have violated this Code shall be entitled to take disciplinary action which may include salary freeze, suspension / deduction of payment of incentive and/ or termination of the employment.*

17.2. *Securities and Exchange Board of India (SEBI) shall also be informed about the violation of this Code.*

18. Amendment to the Code:

The Stakeholders Relationship Committee of the Board of Directors shall have power to amend this Code as and when it deems appropriate.

Sd/-

Ashok Khemani

Managing Director

DIN: 00053623

29th March, 2019

Annexure I

BLUE CHIP TEX INDUSTRIES LIMITED



**POLICY FOR INQUIRY IN CASE OF LEAK/ SUSPECTED LEAK OF
UNPUBLISHED PRICE SENSITIVE INFORMATION**

*[Pursuant to Regulation 9A (5) of Securities and Exchange Board of India
(Prohibition of Insider Trading) Regulations, 2015]*

(I) Background

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended ("PIT Regulations"), mandates the Board of Directors of every listed company to formulate a policy and procedure for inquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information ("UPSI").

Accordingly, this "Policy for inquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information" (hereinafter referred as "Policy"), prepared in accordance with Regulation 9A(5) of the PIT Regulations, as approved by the Board of Directors of the Blue Chip Tex Industries Limited ("the Company") at its meeting held on 29th March, 2019, forms part of the "Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in Listed or Proposed to be Listed Securities of Blue Chip Tex Industries Limited".

(II) Objective

The objective of this Policy is to determine the procedures to be followed by the Company to conduct appropriate inquiries on becoming aware of leak or suspected leak of UPSI.

(III) Applicability

This Policy shall be applicable to the Company with effect from April 1, 2019.

(IV) Definitions

(A) *"Leak of UPSI" shall mean communication of information which is/ shall be UPSI, by any person, other than where:*

(a) Such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(b) UPSI is 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 sharing of such information 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 interest of the Company and the information that constitutes UPSI is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Company's Board of Directors may determine.

(B) *Words and expressions used and not defined in this Policy shall have the meanings assigned to them in the PIT Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the Rules and Regulations made thereunder shall have the meanings respectively assigned to them in those legislations.*

(V) Constitution of Inquiry Committee

The Board of Directors shall constitute a committee called as "Inquiry Committee" comprising:

(a) Managing Director;

(b) Chief Financial Officer; and

(c) *Compliance Officer.*

The Board of Directors may add/change/alter/re-constitute the Inquiry Committee as may be required from time to time.

(VI) Duties of Inquiry Committee

The Inquiry Committee shall be responsible to:

- (a) conduct a preliminary inquiry to ascertain the facts relating to the actual or suspected leak of UPSI;*
- (b) authorize any person to collect necessary information;*
- (c) consider the facts and circumstances and decide on the matter;*
- (d) Initiate disciplinary action and submit report thereon to the Board.*

(VII) Duties of Compliance Officer ("CO")

The CO shall be responsible to:

- (a) Oversee the compliance of this Policy;*
- (b) Report the incident of actual or suspected leak of UPSI to the Securities and Exchange Board of India ("SEBI").*

On becoming aware of actual or suspected leak of UPSI in relation to the Company, the CO shall promptly intimate the SEBI.

The CO shall ensure that a report on such actual or suspected leak of UPSI, comprising preliminary inquiry thereon and results thereof shall be promptly submitted to the SEBI.

- (c) Report the incident of actual leak of UPSI to the Stock Exchange(s)*

On becoming aware of actual leak of UPSI in relation to the Company, the CO shall promptly intimate the Stock Exchange(s).

The CO shall ensure that a report on such actual or suspected leak of UPSI, comprising preliminary inquiry thereon and results thereof shall be promptly submitted to the Stock Exchange(s).

(VIII) Procedure for inquiry in case of Actual or Suspected Leak of UPSI

The CO after becoming aware of actual or suspected leak of UPSI of the Company by any Promoter, Director, Key Managerial Person, Insider, employee, Designated Person, support staff or any other known or un-known person and after informing the same to the Board of Directors of the Company, shall follow the below mentioned procedure in order to inquire and/or investigate the matter to ensure:

(a) To take Cognizance of the matter:

CO shall immediately call Inquiry Committee meeting after receipt of the information of actual or suspected leak of UPSI and take cognizance of the matter and decide as follows:

- i. If it is found that the allegation is frivolous, not maintainable or outside the scope, the same may be dismissed;*
- ii. If it is found that the issue requires further investigation, Preliminary Inquiry may be initiated.*

(b) Preliminary Inquiry:

Preliminary inquiry is a fact-finding exercise which shall be conducted by the CO. The object of preliminary inquiry is to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to embark on any disciplinary action.

The Inquiry Committee, if required and in addition to CO may also appoint and/or authorize any person(s), as it may deem fit, to initiate/conduct an inquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI.

(c) Report of Preliminary Inquiry to the Inquiry Committee:

The CO or Person(s) appointed/authorized to inquire the matter of actual or suspected leak of UPSI submit his/her report to the Inquiry Committee within 15 days from the date of his appointment on this behalf.

(d) Disciplinary Action:

The disciplinary action(s) shall include wage freeze, suspension, recovery, claw back, termination of employment contract/agreement etc., as may be decided by the Members of the Committee.

(e) Submission of final report to SEBI:

The Inquiry Committee shall submit the final report to the SEBI within 21 days of the occurrence of such leak.

(IX) Amendment

The Board of Directors of the Company is authorised to amend or modify this Policy, in whole or in part, as and when deemed necessary, in line with the applicable laws, rules and regulations ("applicable laws").

However, the amendment in the regulatory requirements shall be binding on the Company and prevail over this Policy even if not incorporated in the Policy.

In any circumstance where the terms of the Policy differ from any applicable law for the time being in force, the provisions of such applicable law shall take precedence over the Policy.
