

# **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS**

## **INTRODUCTION**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“the Regulations”), effective from May 15, 2015 requires every listed company to formulate a code of conduct to regulate, monitor and report trading by its designated persons and immediate relatives of the designated persons. The Board of Directors of Nelcast Ltd (the "Company") has adopted the policy with effect from May 15 2015 thereafter the Board approved the amendments to the code on February 12, 2019 in compliance with the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

## **OBJECTIVE OF THE CODE**

The Code has been prepared by adopting the standards set out in Schedule B of the Regulations in order to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with the Regulations.

### **1. Applicability**

This Code shall be applicable to all designated persons and relatives of designated persons.

## **2. DEFINITIONS**

2.1 “Act” means the Securities and Exchange Board of India Act, 1992.

2.2 “Board” means the Board of Directors of the Company.

2.3 “Company” means Nelcast Limited.

2.4 “Code” means Code of Conduct to Regulate, Monitor and Report Trading by designated persons and immediate relatives of designated persons as modified from time to time.

2.5 “Compliance Officer” for the purpose of the Regulations and this Code means the Company Secretary of the Company.

2.6 “Designated Employees” of the Company shall include:

- i. All Employees of the rank of General Managers and above;
- ii. All employees in the Finance & Accounts Department and
- iii. Any employee of the Company, not falling under the above class but who has access to unpublished price sensitive information.

2.7 "Designated Person" means -

- i. Board of Directors and Promoters;
- ii. Key Managerial Personnel as defined in the Companies Act, 2013;
- iii. Designated Employees of the Company;
- iv. Connected person as defined in the Regulations

2.8 “Immediate Relative” shall have the same meaning as defined in the Regulations.

2.9 “Insiders” shall have the same meaning as defined under the Regulations.

2.10 “Specified Persons” means all Directors, Connected Persons, Insiders, Employees, Promoters and their immediate relatives.

Words and expressions used but not defined in this Code shall have the same meaning assigned to them in the Regulations, 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), the Companies Act, 2013 (18 of 2013) and the Rules made thereunder and the Regulations shall have the meanings respectively assigned to them in those legislations.

### **3. Duties of the Compliance Officer**

3.1 The Compliance Officer 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 and shall have access to all information and documents relating to the Securities of the Company for the aforesaid purpose.

3.2 Grant of pre-trading approvals to the Designated Persons for trading in the Company’s Securities by them / their Immediate Relatives and monitoring of such trading.

3.3 The Compliance Officer shall assist all the Specified Persons in addressing any clarifications regarding the Regulations and this Code.

3.4 The Compliance Officer shall place a report to the Board if Violation(s), if any, of the Code.

#### **4. Preservation of Unpublished Price Sensitive Information (“UPSI”)**

4.1 All information shall be handled within the organization on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except as prescribed under the Code of Fair Disclosure of the Company. Unpublished price sensitive information may be communicated, provided, or allowed access to or procured, in connection with a transaction that would: - entail an obligation to make an open offer under the takeover regulations where the Board of the Company is of an informed opinion that sharing of such information is in the best interest of the Company;

However, any person in receipt of an unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for the purpose of this Code and such person to maintain confidentiality of the UPSI in compliance with these Regulations or shall be required to execute an agreement to maintain confidentiality, except for the purpose prescribed under the Act and shall not otherwise trade in securities of the Company when in possession of any UPSI.

4.2 UPSI shall be handled strictly on a “Need to Know” basis. This means that the UPSI shall be disclosed only to those persons who need to know the same in furtherance of a legitimate purpose, the course of performance or discharge of their duty and whose possession of UPSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.

4.3 Files containing unpublished price sensitive information or any such related confidential information shall be kept secure. Computer files must have adequate security of login and password etc. Files containing confidential information should be deleted / destroyed on its expiry.

4.4 The Company shall adopt a Chinese wall policy to prevent the misuse of confidential information, which separates those areas of the Company which routinely have access to confidential information.

#### **5. Trading by Insiders – Rules & Restrictions**

5.1 No Insider shall trade in securities of the Company that are listed or proposed to be listed when in possession of unpublished price sensitive information provided that the Insider may defend his action by giving valid reasons of the circumstances like:

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

(ii) 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.

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.

## **6. Trading Plan**

6.1 Insider may formulate a trading plan and present the same to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his/her behalf in accordance with such plan.

6.2 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.

6.3 Trading shall be commenced only after 6 months from the public disclosure of the Trading Plan. Trading Plan shall 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. Trading Plan shall entail Trading for a period of not less than 12 months.

6.4 The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violation of the Regulations.

6.5 The Compliance Officer shall have the right to seek express undertakings to enable assessment of the Trading Plan and approve the same.

6.6 The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily implement without any deviation.

6.7 The Securities outside the scope of Trading Plan shall not be dealt with by the Insiders.

6.8 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.

6.9 The Trading Plan shall not overlap any period for which another Trading Plan is already in execution.

6.10 The Trading Plan shall state the following:

In such event, the Compliance Officer shall confirm that the commencement ought to be deferred until such UPSI becomes Generally Available Information.

- Value of trade;
- Number of securities;
- Nature of trade;

## **7. Trading Window**

7.1 The trading window shall be closed from the end of every quarter and shall remain closed upto 48 hours after the declaration / publication of financial results.

7.2 The Designated persons and their immediate relatives can trade Company shares only when the trading window is open.

7.3 The trading window shall be closed when Compliance Officer determines that designated person or a class of designated person are expected to be in possession of unpublished price sensitive information, relating to the following matters / events:

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delisting, disposal and expansion of business and such other transactions; and
- (v) changes in key managerial personnel;

7.4 The Compliance Officer shall take all reasonable steps to ensure that the designated persons and/or Insiders are informed in advance, about the date of closing and opening of the Trading Window.

7.5 The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

## **8. Pre-clearance of trades**

All Designated Persons or their immediate relatives, who intend to deal in the securities of the Company when the trading window is open and is the value of the proposed trades is above Rs. 10 lakhs (market value), whether in one transaction or a series of transactions over any calendar quarter, should pre-clear the transaction. However, Designated Persons or their immediate relatives shall not be entitled to apply for pre-clearance of any proposed trade if such Designated Persons or their immediate relatives is in possession of UPSI even if the trading window is not closed and hence such Designated Persons or their immediate relatives shall not be allowed to trade. For pre-clearance following procedure should be followed:

8.1 An application be made to the Compliance Officer in the prescribed form for pre-clearance of the transaction if the threshold limit is likely to be exceeded.

8.2 To execute an undertaking in favour of the Company in the prescribed form.

8.3 The proposed transaction can be carried out only after receiving appropriate clearance from the Compliance Officer in prescribed form

8.4 The execution of the order in respect of the securities of the Company will have to be completed within 7 days from the date of such approval of pre-clearance. The details of such deal shall be submitted with the Compliance Officer in the prescribed form within 2 days of the execution of deal. In case the transaction is not undertaken a 'Nil' report shall be submitted within 2 days.

8.5 If the order is not executed within 7 days as specified above, the applicant must pre-clear the transaction again.

8.6 No contra trade shall be executed by the designated person within a period six months from date of execution of the pre-cleared trade.

8.7 The Compliance Officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the applicable regulations.

8.8 In case of execution of a contra trade, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Securities & Exchange Board of India (“SEBI”) for credit to the Investor Protection and Education Fund.

## **9. Reporting Requirements for Transactions in Securities**

### 9.1 General:

- a) The disclosures to be made by any person under this Code shall include those relating to trading by such person’s immediate relatives, and by any other person for whom such person takes trading decisions.
- b) The disclosures of trading in Securities shall also include trading in derivatives of Securities and the traded value of the derivatives shall be taken into account for the purpose of this Code.
- c) The disclosures made under this Code shall be maintained for a period of five years.

### 9.2 Initial Disclosures:

- a) Every promoter, member of the promoter group, key managerial personnel and director, of the Company, within thirty days of these regulations taking effect, shall disclose his holding of securities of the Company as on the date of these Regulations taking effect, to the Company within thirty days of these Regulations taking effect in the prescribed Form.
- b) 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 holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter in the prescribed Form

### 9.3 Continual Disclosures:

- a) Every promoter, member of the promoter group, designated person and the directors of the Company shall disclose to the Company the number of such securities acquired or disposed of within two trading days of such transactions if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees in the prescribed Form

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

#### 9.4 Additional Disclosures

The Company may at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Compliance Officer in order to monitor compliance with the Code.

#### 9.5 Disclosure by other Connected Persons

a) The Compliance Officer may require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in securities of the Company in the prescribed form and at such frequency as may be determined by the Company in order to monitor compliance with this code.

b) The disclosure to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

### **10. Internal Control**

The Company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the Regulations as well as with this Code.

10.1 All employees who have access to unpublished price sensitive information are identified as Designated Employee.

10.2 All the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per this Code and the Regulations.

10.3 Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these Regulations.

10.4 List of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreement shall be signed or notice shall be served to all such employees and persons.

10.5 All other relevant requirements specified under the Regulations shall be complied with.



10.6 This code shall be circulated by the Company amongst all the existing employees of the Company and in case of new joining at the time of his / her joining, irrespective of their functional role in the Company. This code shall be circulated amongst the Designated Persons.

## **11. Penalty for contravention of the Code**

Every Designated Person shall be individually responsible for complying with the applicable provisions of this Code (including to the extent the provisions hereof are applicable to their Immediate Relatives).

Any violation of this Code shall, in addition to any other penal action that may be taken by the Company pursuant to law, also be subject to disciplinary action which in respect of an Employee may include wage freeze, suspension, recovery, clawback or termination of employment.

Action taken by the Company for violation of the Code against any person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations.

In case it is observed by the Compliance Officer that there has been a violation of the Regulations, then the violation shall be informed by the Compliance Officer to the Board promptly.

## **12. Amendment / Modification**

The Board of Directors of the Company may, subject to applicable laws, amend/substitute any provision(s) with a new provision(s) or replace the Code entirely with a new Code.

In any circumstance where the terms of the Code differ from any law, rule, regulation, etc. for the time being in force, the law, rule, regulation, etc. shall take precedence over the Code. The Code and any subsequent amendment(s) thereto, shall be promptly intimated to the Stock Exchanges.