

SANGHVI FORGING AND ENGINEERING LIMITED

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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SANGHVI FORGING AND ENGINEERING LIMITED
CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES

(As approved by the Board of Directors of the Company in its

Meeting held on February 7, 2014)

CHAPTER I

1. INTRODUCTION

Insider trading means dealing in securities of a Company listed/traded on any stock exchange in India based on, or when in possession of, unpublished price sensitive information.

With a view to govern the conduct of 'insiders' on matters relating to insider trading, the Securities and Exchange Board of India (SEBI) had formulated SEBI (Prohibition of Insider Trading) Regulation 1992. SEBI has since amended the existing regulation. These regulations are now called Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ('Regulations')

Chapter IV of the Regulations require, inter alia, all listed Companies to frame a Code of Internal Procedures and Conduct as near thereto the Model Code specified in Part A of Schedule I to the Regulations.

SANGHVI FORGING AND ENGINEERING LIMITED (SFEL), being listed company on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), has accordingly formulated this revised Code of Conduct hereinafter referred as "Sanghvi Forging and Engineering Limited Code of Conduct for Prevention of Insider Trading (Code) 2014". All the Directors/ Officers and Designated employees of SFEL are governed by the Code. The Code shall come into effect from February 7, 2014.

All the Directors/ officers and designated employees of SFEL and its associates are advised to carefully go through and get themselves familiarize with and expected to strictly adhere to the Regulations and the Code.

2. THE POLICY AND OBLIGATION

The Company endeavors to preserve the confidentiality of un-published price sensitive information 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.

Every Director/ officer and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. No Director/ Executive Director/ Manager and other designated employee may

use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

To achieve these objectives, Sanghvi Forging and Engineering Limited hereby notifies that this code of conduct to be followed by all Directors, Officers and Designated employees of Sanghvi Forging and Engineering Limited

3. TITLE, COMMENCEMENT AND EXTENT

1. This Code is called “Sanghvi Forging and Engineering Code of Conduct for Prevention of Insider Trading 2014”.
2. It shall come into force on February 7, 2014
3. This Code is applicable to SFEL, all the Directors, Officers, Designated Employees, Connected person or person deemed to be connected person of SFEL and their Dependent Family Members.

4. DEFINITIONS

In this Code, unless the context otherwise requires,

(I). CODE: -

Code means this Sanghvi Forging and Engineering Limited Code of Conduct for Prevention of Insider Trading, as modified from time to time.

(II). SEBI: -

SEBI means the Securities and Exchange Board of India

(III). ACT: -

ACT means the Securities and Exchange Board of India Act, 1992

(IV). BODY CORPORATE: -

Body Corporate means a body corporate as defined in section 2 of the Companies Act, 1956

(V). REGULATIONS: -

Regulation means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992

(VI). CONNECTED PERSON: -

Connected person means any person who is a Director of SFEL or occupies the position as an officer or an employee of SFEL or holds a position involving a professional or business relationship between himself and SFEL, whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to SFEL

Connected person shall also include any person who is a connected person six months prior to an act of insider trading.

(VII). DEALINGS IN SECURITIES: -

Dealing in securities means an act of subscribing, buying, selling, or agreeing to subscribe, buy or sell or deal in any equity shares or listed securities (or derivative thereof, if any) of SFEL by any person either as a principal or as an agent.

(VIII). INSIDER: -

Insider means any person who is or was connected with SFEL or is deemed to have been connected with SFEL and who is reasonably expected to have access, to unpublished price sensitive information in respect of shares / securities of SFEL, or who has received or had access to such unpublished price sensitive information.

(IX). OFFICER: -

The term "Officer" includes any person as defined in clause (30) of Section 2 of the Companies Act, 1956 include an Auditor of the Company

(X). PERSON IS DEEMED TO BE A CONNECTED PERSON

if such person-

- (i) is a Company under the same management or group, or any subsidiary Company thereof within the meaning of sub-section (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956), or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), as the case may be;
- (ii) is an intermediary as specified in section 12 of the Act, Investment company, Trustee Company, Asset Management Company or of clearing house or corporation;
- (iii) is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub-broker, Investment Company or an employee thereof, or, is a member of the 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 who has a fiduciary relationship with the Company;
- (iv) is a Member of the Board of Directors, or an employee, of a public financial institution as defined in section 4A of the Companies Act, 1956;

- (v) is an official or an employee of a Self-regulatory Organisation recognized or authorised by the Board of a regulatory body;
- (vi) is a relative of any of the aforementioned person;
- (vii) is a banker of the Company
- (viii) relatives of the connected person; or
- (ix) is a concern, firm, trust, Hindu undivided family, company or association of person wherein any of the connected persons mentioned in sub-clause (i) of clause (c), of this regulation or any of the persons mentioned in sub-clause (vi) (vii) or (viii) of this clause have more than 10 per cent of the holding or interest;

(XI). PRICE SENSITIVE INFORMATION: -

Price sensitive information means any information which relates directly or indirectly, to SFEL, and which if published is likely to materially affect the price of shares / securities of SFEL in the market – the following shall be deemed to be price sensitive information:-

- Periodical financial results (quarterly or annual);
- Intended declaration of dividends (interim or final);
- Issue of securities or buy-back of securities;
- Any major expansion, plans or execution of new projects;
- Amalgamation, mergers or takeovers;
- Disposal of the whole or substantial part of Undertaking; and
- Significant changes in policies, plans or operations of the Company.

(XII). UNPUBLISHED: -

Unpublished means information which is not published by the Company or its agents and is not specific in nature.

(XIII). DEPENDANT FAMILY MEMBERS: -

Dependant Family Members means persons residing with the Directors/ Officers/ Designated Employees and shall include:

- a.) Spouse;
- b.) Minor son;
- c.) Unmarried daughter;
- d.) Father & Mother;
- e.) Major son / daughter;
- f.) Brother;
- g.) Sister.

Provided they are dependent on the Directors/ Officers/ Designated Employees for their livelihood.

(XIV). WORKING DAY: -

Working day means when the regular trading is permitted on concerned stock exchange where securities of the company are listed.

(XV). DIRECTOR: -

Director means a Director of Sanghvi Forging and Engineering Limited

(XVI). SUBSIDIARIES: -

Subsidiaries shall have the same meaning as described in the Companies Act, 1956

(XVII). SECURITY: -

Security shall mean shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of the Company that are listed on one or more recognised Stock Exchange(s) in India or abroad.

INTERPRETATIONS OF CERTAIN WORDS AND EXPRESSIONS: -

Words and expressions used herein and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India Act, 1992 or the Companies Act, 1956, shall have the same meanings respectively assigned to them in those Acts as amended from time to time.

CHAPTER II

CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION

5. COMPLIANCE OFFICER

The Company Secretary shall act as the Compliance Officer to ensure compliance and for effective implementation of the Regulations and also this Code across the Company.

The Compliance Officer shall report to the Managing Director of the Company.

The Compliance Officer shall hold the position so long as he/she is in the employment of the Company. Till such time a successor is appointed, the Managing Director shall, in the interim period act as the Compliance Officer.

6. PRESERVATION OF "PRICE SENSITIVE INFORMATION"

All Directors/ Officers / Designated employees shall maintain the confidentiality of all Price Sensitive Information. They 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.

7. NEED TO KNOW

Price Sensitive Information is to be handled on a "need to know" basis, i.e., Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty.

8. LIMITED ACCESS TO CONFIDENTIAL INFORMATION

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

CHAPTER III

TRADING RESTRICTIONS

9. PREVENTION OF MISUSE OF “PRICE SENSITIVE INFORMATION”

All Directors/ officers and designated employees of the company shall be subject to trading restrictions as enumerated below:-

10. TRADING WINDOW

The Company shall specify a trading period, to be called “trading window”, for trading in the Company’s securities.

The trading window shall be closed during the time the information referred to in below para is un-published.

The trading window shall be, inter alia, closed at the time of:-

1. Declaration of Financial results (quarterly, half-yearly and annual)
2. Declaration of dividends (interim and final)
3. Issue of securities by way of public/ rights/bonus etc.
4. Any major expansion plans or execution of new projects
5. Amalgamation, mergers, takeovers and buy-back
6. Disposal of whole or substantially whole of the undertaking
7. Any changes in policies, plans or operations of the Company.

When the trading window is closed, the designated employees, directors/ officers shall not trade in the company's securities in such period.

The trading window shall be opened 24 hours after the information referred to in above para is made public.

All directors/ officers/designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company’s securities during the periods when trading window is closed, as referred to in above para or during any other period as may be specified by the Company from time to time.

In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.

11. PRE-CLEARANCE OF TRADES

All Directors/ officers /designated employees of the company who intend to deal in the securities of the company exceeding 25,000 Securities or Rs. 5,00,000/- (market value) should pre-clear the transactions as per the pre-dealing procedure as described hereunder.

An application may be made in such form as the company may notify in this regard, to the Compliance Officer indicating the estimated number of securities that the designated employee/officer/director intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.

An undertaking shall be executed in favour of the company by such designated employee / director / officer incorporating, inter alia, the following clauses, as may be applicable:

1. That the designated employee/ director/ officer does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
2. That in case the designated employee/ director/ officer has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of the company till the time such information becomes public.
3. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
4. That he / she has made a full and true disclosure in the matter

12. OTHER RESTRICTIONS

All directors/officers /designated employees shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given the designated employee/ director/ officer must pre clear the transaction again.

All directors/officers /designated employees shall hold their investments in securities for a minimum period of 30 days in order to be considered as being held for investment purposes. The holding period shall also apply to subscription in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.

In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance officer after recording in writing his / her reasons in this regard.

CHAPTER IV

REPORTING AND DISCLOSURE REQUIREMENTS

13. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

All Directors/officers /designated employees of the listed company shall be required to forward following details of their securities transactions including the statement of dependent family members to the Compliance officer:

All holdings in securities of that Company by directors/ officers/ designated employees at the time of joining the company;

Periodic statement of any transactions in securities (the periodicity of reporting may be defined by the Company. The Company may also be free to decide whether reporting is required for trades where pre clearance is also required); and

Annual statement of all holdings in securities.

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 three years.

The Compliance officer shall place before the Executive Director / Directors or a committee specified by the company, on a monthly basis all the details of the dealing in the securities by designated employees / director / officer of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

14. DISCLOSURE REQUIREMENTS

Disclosure of Interest or holding by Directors and Officers and Substantial Shareholders

The following disclosures shall be made to the Compliance officer:

I Initial Disclosures

By whom	To whom	What to be disclosed	When to be disclosed	Form
Any person holding more than 5% shares or voting rights	Company	Number of Shares or voting rights held by such person on becoming such holder	Within 2 working days of a) receipt of intimation of allotment of shares or b) acquisition of shares or voting rights as the case may be.	A
Director/ Officer	Company	Number of Shares or voting rights held and position taken in derivatives by such persons and his dependents	Within 2 working days of becoming a director or officer of the Company	B
Promoter/ part of promoter group	Company	Number of Shares or voting rights held by such person	Within 2 working days of becoming such promoter or person belonging to promoter group	B

II Continual Disclosures

By whom	To Whom	What to be disclosed	When to be disclosed	Form
Any person holding more than 5% shares or voting rights	Company	<p>a) Number of Shares or voting rights held and</p> <p>b) Change in shareholding or voting rights, even if such change results in shareholding falling below 5%</p> <p>If there has been change in such holdings from the last disclosure and such change exceeds 2% of total shareholding or voting rights in the Company</p>	<p>Within 2 working days of</p> <p>a) Receipt of intimation of allotment of shares or</p> <p>b) Acquisition or sale of shares or voting rights, as the case may be.</p>	C

Director/ Officer	Company and Stock Exchanges	a) Number of shares or voting rights held and b) Change in shareholding or voting rights If there has been a change in such holdings of such person and his dependants from the last disclosure and the change exceeds Rs. 5 Lakhs in value or 25,000 shares or 1% of total shareholding or voting rights whichever is lower	Within 2 working days of a) Receipt of intimation of allotment of Shares or b) Acquisition or sale of shares or voting rights as the case may be.	D
Promoter/ part of promoter group	Company and Stock Exchanges	a) Total nos of shares or voting rights held and change b) Change exceed Rs.5 Lacs or 25,000 shares or 1% of total share holding or voting rights whoever is lower.	Within 2 working days of a) Receipt of intimation of allotment of Shares or b) Acquisition or sale of shares or voting rights as the case may be	D

Disclosure by Company to Stock Exchange

The information received as per above disclosure shall be intimated to all stock exchanges on which the Shares of the company are listed within two working days of receiving the same.

Violation of provision relating to disclosure

Without prejudice to the directions under regulation 11 of SEBI (Prohibition of Insider Trading) Regulation 1992, if any person violates provisions of these regulations, he shall be liable for appropriate action under section 11, 11B, 11D, Chapter VIA and section 24 of the SEBI Act.

CHAPTER IV

MISCELLANEOUS

15. PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT

Any designated employee/ officer / director who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalised and appropriate action may be taken by the company.

Designated Employees / officers / directors of the company who violate the code of conduct shall also be subject to disciplinary action by the company, which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, etc.

The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 1992.

16. INFORMATION TO SEBI IN CASE OF VIOLATION OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATION, 1992

In case it is observed by the company/ Compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the company.

By order of the Board
For **Sanghvi Forging and Engineering Limited**

Place: Waghodia,
Date : 07.02.2014

Sd/-
Sagar Pandya
Company Secretary

(As text of code approved by the Board at its meeting held on February 7, 2014)