

EMCO LIMITED

Code of Conduct for prevention of Insider Trading

Introduction :

Securities and Exchange Board of India (SEBI) has amended, with effect from 20th February, 2002 the SEBI (Insider Trading) Regulations, 1992. These regulations are now called the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as 'the Regulations'). The Regulations seek to govern the conduct of the insiders, connected persons and person who are deemed to be connected persons on matters relating to insider trading.

Chapter IV has been incorporated in the Regulations requiring all listed companies and other specified entities to set up an appropriate mechanism and to frame and enforce a code of conduct and internal procedures prescribing various disclosures of interest or holding to made by directors, officers and substantial shareholders in the listed companies.

Objective and Scope of the Code :

The “**Emco Limited Code on Insider Trading**” is formulated with a view to take abide by the spirit of the SEBI Regulations on Insider Trading, and will govern the framework for acquisitions, purchases and sales of Emco securities. Adherence to the Code by Directors, Officers and Designated Employees is mandatory.

What is ‘Insider Trading ?

‘Insider Trading’ is the buying or selling or dealing in the securities of a listed company by a director, member of management, an employee of the firm or by any other person such as internal and statutory auditor, agent, advisor, analyst, consultant, etc. who has knowledge of material ‘inside ‘ information not available to the general public. The dealing in securities by an ‘insider’ is illegal when it is predicted upon the utilization of ‘inside’ information to profit at the expense of other investors who do not have access to the same information.

Definitions :

1. “Emco” means Emco Limited having its Registered Office at N-104, MIDC Area, Jalgaon – 425 003.
2. “Compliance Officer” means Company Secretary of Emco or any other officer appointed by the Board of Directors of the Company from time to time.
3. “Dependent Family Members” means The following will be treated as Dependent Family Members of Directors / Officers / Designated Employees
 - a) Self and Spouse
 - b) Dependent Children
 - c) Dependent Parents
 - d) Dependent In-laws
 - e) Dependent Brothers and Sisters

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|---|---------------------------------------|-------|--|
| 4 | Price sensitive information | means | <p>any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of a company ;</p> <p><u>Explanation: -</u> The following shall be deemed to be price sensitive information:-</p> <ul style="list-style-type: none"> i. periodical financial results of the company; ii. intended declaration of dividends (both interim and final); iii. issue of securities or buy-back of securities; iv. any major expansion plans or execution of new projects; v. amalgamation, mergers or takeovers; vi. disposal of the whole or substantial part of the undertaking; vii. any significant changes in policies, plans or operations of the company." |
| 5 | insider | means | <p>any person who,</p> <ul style="list-style-type: none"> (i) is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, (ii) or has received or has had access to such unpublished price sensitive information |
| 6 | dealing in securities | means | <p>an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in the securities of the Company by any person either as principal or agent.</p> |
| 7 | Connected person means any person who | means | <ul style="list-style-type: none"> i. is a director as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956) of a Company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act or ii. occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company ; |

Explanation : for the purpose of this definition, the words "connected person" shall mean any person who is connected person six months prior to an act of insider trading.

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

Explanation: Speculative reports in print or electronic media shall not be considered as published information."

9 Working day Means The working day when the regular trading is permitted on the concerned stock exchanges where securities of the company are listed

Code of Conduct for Prevention of Insider Trading for Listed Companies

1.0 Compliance Officer

1. Company Secretary or any other officer appointed by the Board of Directors shall be Compliance Officer who shall report to the Chairman and / or Managing Director .
2. The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of designated employees' and their dependents' trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the listed company.

Explanation: For the purpose of this schedule, the term 'designated employee' shall include:-

- General Manager and above ;
- Executives of other Departments/Divisions on a case-to-case basis, who could be reasonably expected to have access to unpublished price sensitive information relating to the Company, to be decided, on a case to case basis.

Officers

- Directors of the Company and any other persons in accordance with whose directions the Board of Directors or any one or more Directors are accustomed to act ;
 - Company Secretary ;
 - Auditors.
3. The compliance officer shall maintain a record of the designated employees and any changes made in the list of designated employees.
 4. The compliance officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the company's code of conduct.

2.0 Preservation of "Price Sensitive Information"

- 2.1 Employees/ directors shall maintain the confidentiality of all Price Sensitive Information. Employees/ directors 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.

- 2.2 Need to know Unpublished Price Sensitive Information is to be handled on a "need to know" basis, i.e., Unpublished Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information:

All non-public information directly received by any employee should immediately be reported to the head of the department.

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.

2.3 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.

3.0 Prevention of misuse of "Price Sensitive Information

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

3.2 Trading window

- 3.2.1 All Directors, Officers and Designated Employees shall acquire/purchase/sell securities of Emco only in valid trading window and shall not enter into any transaction in the Company's securities during the "Non-Trading Window".

"**Non-Trading Window**" will commence seven exclusive days before Board meeting in which the information referred to in para 3.2.3 is to be considered.

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

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

Declaration of Financial results (quarterly, half-yearly and annual)

Declaration of dividends (interim and final)

Issue of securities by way of public/ rights/bonus etc.

Any major expansion plans or execution of new projects

Amalgamation, mergers, takeovers and buy-back

Disposal of whole or substantially whole of the undertaking

Any changes in policies, plans or operations of the company

- 3.2.4 The trading window shall be opened 24 hours after the information referred to in para 3.2.3 is made public.
- 3.2.5. 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 para 3.2.3 or during any other period as may be specified by the Company from time to time.
- 3.2.6 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.

3.3 Pre clearance of trades

- 3.3.1 All directors/officers /designated employees of the company and their Dependents who intend to deal in the securities of the company above the minimum threshold limit of Rs.5,00,000/- in value, or 25,000 Shares or 1% of total Share Capital whichever is lower should pre-clear the transactions as per the pre-dealing procedure as described hereunder.
- 3.3.2 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.
- 3.3.3 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:
- a. That the employee/ director/officer does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
 - b. That in case the 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.
 - c. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.

- d. That he/she has made a full and true disclosure in the matter
- 3.3.4 Only after the clearance, the transactions should be carried out.
- 3.3.5 The execution of the order in respect of security of the company will have to be completed within one week of approval of pre-clearance failing which it will have to be cleared again.
- 3.3.6 The designated persons would not be allowed to enter into opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction I,e, buy or sell the shares. Further the designated persons shall also not take positions in derivative transactions in the shares of the Company at any time

4.0 Reporting Requirements for transactions in securities

- 4.1 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:
 - a. all holdings in securities including position taken in derivative transactions in respect of the securities of this company by directors/officers /designated employees at the time of joining the company;
 - b. Statement of transactions in prescribed form if there has been change, within two working days thereof, in the securities of the company exceeding the threshold limit of 25,000 Shares or the value of shares exceeds Rs. 5 lakh or 1% of the Share Capital of the company whichever is lower. Further positions taken in derivative transaction in the shares of the company shall be disclosed.
 - c. periodic statement of any transactions in securities including position taken in derivative transactions in respect of the securities shall be given half-yearly, within 30 days of 30th September and 31st March.; and
 - d. annual statement of all holdings in securities including position taken in derivative transactions in respect of the securities
- 4.2 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.
- 4.3 The Compliance officer shall place before the Managing Director of the company, on a monthly basis all the details of the dealing in the securities by 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.

5.0 Penalty for contravention of code of conduct

- 5.1 Any 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.
- 5.2 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, ineligibility for future participation in employee stock option plans, etc.
- 5.3 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.

6.0 Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 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.

EMCO LIMITED

Code of Conduct for prevention of Insider Trading

Acknowledgment of Receipt of Code of Conduct for prevention of Insider Trading

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I have received and read the Company's Code of Conduct for prevention of Insider Trading for designated Employees. I understand the standards and policies contained in the said Code of Conduct and understand that there may be Additional Policies or Laws. I further agree to comply with the said Additional Policies or Laws of the said Code of Conduct for prevention of Insider Trading.

If I have questions concerning the meaning or application of the said Code of Conduct, any Company policies, or the legal and regulatory requirements applicable, I know I can consult Board of Directors, knowing that my questions or reports to these sources will be maintained in confidence.

Name:

Signature:

Date (Date of Joining) :

Please sign and return this form to Company Secretary.

APPLICATION FOR PRE-CLEARANCE

To: The Compliance Officer,
Emco Limited

From: (Name)
(Designation)
(Department)

Through Division/Department Head

Date:

With reference to the Code for Prohibition of Insider Trading of Emco Limited, I seek your approval to subscribe to / agree to the subscribe to / purchase / sell / deal as an agent / principal in _____ (nos) equity shares of the company.

The statement of shareholding in Form ' ' as on _____ and Undertaking in the prescribed format are enclosed for your perusal in this connection.

Signature

PRE-CLEARANCE ORDER

This is to inform you that your request for dealing in _____ (nos.) shares of the Company as mentioned in your above-mentioned application is approved. Please note that the said transaction must be complied on or before _____ (date) within 7 days from today.

For **EMCO LIMITED**

COMPLIANCE OFFICER

Date:
Place:

CONFIRMATION OF DEAL

To: The Compliance Officer

I confirm that the share dealing for which approval was granted on _____ was completed on _____ by purchasing/selling _____ (nos.) equity shares of the Company.

Signature

Date:

Place: