



HEG Limited

Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, has been notified on January 15, 2015 in official gazette (hereinafter referred to as the 'Regulations') in terms of which and also in compliance with Clause 49 of the listing agreement and Companies Act, 2013, the Company is required to frame Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

In line with the Regulations Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the 'Code') was adopted by the Board of Directors of the Company at its meeting held on 14th May, 2015 and shall be effective from 15th May, 2015.

For the purpose of the Code:

- a) **"Act"** means the Securities and Exchange Board of India Act, 1992.
- b) **"Chief Investor Relations Officer"**: The Company shall designate a senior officer as a Chief Investor Relations Officer to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information. The Chief Investor Relations Officer shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and co-ordinating disclosure of Unpublished Price Sensitive Information to stock exchanges, analysts, shareholders and media, and educating staff on disclosure policies and procedure. The Chief Financial Officer of the Company shall act as Chief Investor Relations Officer for the purpose of this code.
- c) **"Compliance Officer"** means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be. The Company Secretary of the Company shall act as the Compliance Officer for the purpose of this code.
- d) **"Connected Persons"** means:
 - (i) any person who is or has during the six months prior to the concerned act been associated with a 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 Promoter,

director, designated officer or an designated employee of the Company or holds any position including a professional or business relationship between himself and the 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 also be deemed to be connected persons unless the contrary is established,
- (a) an immediate relative and dependent of connected persons specified in clause (i); or
 - (b) a holding company or associate company or subsidiary company; or
 - (c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
 - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
 - (e) an official of a stock exchange or of clearing house or corporation; or
 - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - (g) a member of the Board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - (i) banker of the Company; or
 - (j) a concern, firm, trust, Hindu Undivided Family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest
- e) **"Designated Officer/Employees"** shall cover the following:
- Managers and above or its equivalent in all departments;
 - All employees in Secretarial, Finance and Accounts Department;
 - Such other employees as may be specified and determined from time to time by the Committee Concerning Shares (committee which will monitor the implementation of the Code) and/or Compliance Officer.
- f) **"Dependent"** mean dependent parents, dependent children, dependent spouse and any other person(s) dependent on the Designated Employee.
- g) **"Generally Available Information"** means information that is accessible to the Public on a non-discriminatory basis.
- h) **"Immediate Relative"** means a spouse of an insider and includes parent, sibling, and child of such insider or of the spouse, any of whom is either dependent financially on such insider, or consults such insider in taking decisions relating to trading in securities.
- i) **"Insider"** means any person who is:
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;

- j) **"Key Managerial Person"** means person as defined in Section 2 (51) of the Companies Act, 2013.
- k) **"Need to Know"** basis means the information which is considered price sensitive which must be handled on a Need to Know basis and should be disclosed only to those employees who need such information to discharge their duties and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- l) **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- m) **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof, except units of a mutual fund.
- n) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities include trading in derivatives of securities, and "trade" shall be construed accordingly;
- o) **"Trading Day"** means a day on which the recognized stock exchanges are open for trading.
- p) **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- q) **"Unpublished Price Sensitive Information"** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: -
- (i) financial results;
 - (ii) dividends;
 - (iii) change in capital structure;
 - (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
 - (v) changes in key managerial personnel; and
 - (vi) material events in accordance with the listing agreement.

1. PROHIBITION TO BUY / SELL SECURITIES OF THE COMPANY BY PROMOTERS / DIRECTORS AND DESIGNATED EMPLOYEES AND THEIR DEPENDENTS AND CONNECTED PERSON

- The Promoters, Directors, Designated Employees including their dependents if any, and connected person, when in possession of any unpublished price sensitive information, as defined in the Regulations, pertaining to the Company, shall not buy / sell securities of the Company, either on their own behalf or on behalf of any other person except trading to be done in accordance with the trading plan as mentioned at point no. 5 of this code.

- No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the Company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the Company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

2. RESTRICTION TO BUY / SELL SECURITIES BY PROMOTERS/DIRECTORS AND DESIGNATED EMPLOYEES AND THEIR DEPENDENTS AND CONNECTED PERSON

- 2.1 Promoters / Directors / Designated Employees including connected person shall not enter into derivative transaction(s) during at any time with respect to the securities of the Company.**
- 2.2 Promoters / Directors / Designated Employees including connected person shall not buy / sell securities of the Company during Closure of the 'Trading Window', i.e. the period during which trading in the securities of the Company is prohibited.**

Trading Window shall be closed during the following periods:

- a) 15days prior and 48 hours after communication of the financial results to the Stock Exchanges where the Company's securities are listed for the first quarter, second quarter & half year, third quarter and fourth quarter & annual;
- b) From the date of circulation of the agenda for the meeting of the Board of Directors, in which any material, price sensitive and unpublished event, including the following, are proposed:
 - Proposal in respect of interim / final dividend;
 - Proposal in respect of change in capital structure;
 - Proposal in respect of significant expansion plans or execution of new large projects;
 - Proposal in respect of amalgamation, mergers, demergers, takeovers, delisting;
 - Buy back of shares or other securities;
 - Proposal in respect of disposal of whole or substantially the whole of the undertaking;
 - Any significant changes in policies, plans or operations of the Company.
 - Changes in key managerial personnel
 - Material events in accordance with the listing agreements.
 - Any other information having bearing on the operation/performance of the company as well as price sensitive information.

The Trading Window shall open 48 hours after communication of the decision of the Board of Directors in respect of the above events to the Stock Exchanges where the Company's securities are listed.

The trading windows shall also be applicable to any person having contractual or fiduciary relation with the company such as auditors, accountancy firm, law firms, analysts, consultants etc assisting or advising the company.

The closure of the Trading Window for these events will be advised by the Compliance Officer appointed by the Board of Directors for the purpose of this Code. The Compliance officer of the company shall communicate the opening and closing of trading hours to promoters/directors/designated employee and also intimate the same to the stock exchange(s) at which securities of the company are listed.

- 2.3 **Directors / Designated Employees / Connected Person** shall require prior clearance from the Compliance Officer in respect of purchase/sale of securities of the Company, where the deal is above a minimum threshold limit of Rs 5 Lacs (purchase/sale consideration) during a financial year (either in one transaction or in a series of transactions). Such purchase/sale of securities by the Compliance Officer shall require prior clearance from the Chairman or from such other person as may be decided by the Board of Directors of the company from time to time. An application for pre clearance shall be made to the Compliance Officer in the form attached as **Annexure A**.
- 2.4 The Compliance officer after scrutinizing the same and after taking approval if any from other concerned person shall give his approval on the same in the form attached as **Annexure B**.
- 2.5 **Directors/Designated Employees/Connected Person**, who buy or sell any number of shares of the Company shall **not enter into an opposite transaction** i.e. sell or buy any number of shares **within 6 months following a prior transaction**.

In case a contra trade be executed, 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 and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Securities and Exchange Board of India Act, 1992.

- 2.6 In case of 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 provided such waiving does not violate the SEBI (Prohibition of Insider Trading) Regulations, 2015. In respect of the Compliance Officer, prior clearance is required to be taken from the Chairman of the Company.
- 2.7 Purchase / sale transactions for which prior clearance has been obtained by Directors/Designated Employees shall be executed **within seven days** of such clearance, failing which fresh sanction will be required to be taken and the concerned person who have taken pre clearance approval shall after execution of trade as per approval taken shall submit the details of same in the form attached as **Annexure C**.
- 2.8 Prior to approving any trades , the compliance officer shall seek declarations to the effect that applicant filed a request for pre clearance of trade is not in possession of any unpublished price sensitive information and such undertaking shall be submitted in the form attached as **Annexure D**.

3. RESTRICTION ON COMMUNICATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

No Insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in

furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

However an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
- (ii) not attract the obligation to make an open offer under the SEBI (SAST) Regulations, 2011 and subsequent amendments thereto but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available atleast two trading days prior to the proposed transaction being effected.

For the above, the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

4. TRADING WHEN IN POSSESSION OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

No insider shall trade in securities of the company that are listed or proposed to be listed on stock exchange when he is in possession of unpublished price sensitive information:

Provided that the insider may prove his innocence by demonstrating the circumstances including the following.

1. When 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 regulation 3 of SEBI (SAST) Regulations, 2011 and both parties had made a conscious and informed trade decision.
2. In 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;
3. the trades were made pursuant to a trading plan informed and suggested by the concerned insider.

4. 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.

5. FORMULATION AND INTIMATION OF TRADING PLANS BY INSIDERS

The Insiders on their behalf and on behalf of their immediate relative and dependents may formulate a trading plans and such trading plans shall be communicated to the compliance officer of the company in the form attached as Annexure E and compliance officer shall approve such trading plans and consent of the approval of trading plan shall be provided to the applicant in the form attached as Annexure F. The compliance officer shall also require an undertaking from applicant before approval of trading plan in the form as attached as Annexure G. The compliance officer shall intimate the same to the stock exchanges at which shares of the company are listed. The compliance officer shall make available such trading plan in public domain in the format as enclosed as Annexure H.

Such trading plan shall:-

- (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which quarterly results and annual result are required to be announced by the company and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than twelve months.
- (iv) not entail overlap of any period for which another trading plan is already inexistence;
- (v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected;
- (vi) not entail trading in securities for market abuse.
- (vii) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
- (viii) The trading plan once approved shall be irrevocable and it shall be mandatorily have to be implemented and without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

Further the trading plan shall not be implemented by the insider, if at the time of providing of trading plan, they are in the possession of any unpublished price sensitive information and such trading plan shall be implemented after these unpublished price sensitive information becomes generally available information.

After execution of trade the confirmation regarding the same shall be submitted to the Compliance officer in the form attached as **Annexure I**.

6. INTIMATION AND PUBLICATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

The Company shall provide and published unpublished price sensitive information in following manner.

1. Any unpublished price sensitive information should be made public promptly as and when happened.
2. All unpublished price sensitive information should be made public on uniform basis and should be made public as and when happened and without any undue delay.
3. The Chief Investor Relations Officer shall be responsible for providing the unpublished price sensitive information to the Compliance officer promptly and the Compliance officer in turn shall make the Unpublished Price Sensitive Information public without any delay.
4. No unpublished price sensitive information shall be shared with any analysts and research personnel.

7. DISCLOSURES

Insiders shall make the following disclosures of shares and other securities held in the Company by them and their immediate relative or Dependents, to the Compliance Officer:

7.1 ONE TIME DISCLOSURES

- (a). Every Promoter, Key Managerial Personnel and Director of the Company shall disclose his holding of securities of the company within a period of 30 days from the date of (Prohibition of Insider Trading) Regulations, 2015 taking effect. **Annexure J**.
- (b). Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter 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 form as enclosed as **Annexure K**.

7.2 CONTINUAL DISCLOSURES

- 7.2.1 Every promoter, Director and designated employees shall make an annual disclosure of number of shares and other securities held as on 31st March each year, including details of purchase / sale of shares and other securities during the financial year. This disclosure shall be made within 30 days from the close of each financial year in the format as per **Annexure L**.
- 7.2.2 Every Promoter, designated employee and Director of the Company shall disclose to the Company the number of such securities acquired or disposed of within 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 lakh rupees or such other value as may be specified; in the format as prescribed as Annexure M.

- 7.2.3 The company shall notify the particulars of such trading to the stock exchange on which shares of the company are listed within 2 trading days of receipt of the disclosures or from becoming aware of such information.

Explanation - It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in Point No. 7.2.2.

- 7.2.4 The Compliance Officer shall maintain records of all the declarations/undertakings/forms as mentioned in this Code as received from time to time for a period of five years.

- 7.2.5 The Compliance Officer shall report to the Board of Directors and shall also provide reports to the Chairman of Audit Committee or to the Chairman of the Board on quarterly basis pertaining to insider trading.

8. CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

To ensure timely and adequate disclosure/dissemination of Unpublished Price Sensitive Information, the Company shall follow the following norms:

- 8.1 Unpublished Price Sensitive Information shall be disclosed by the Company to stock exchange(s) and disseminated on a continuous and immediate basis.
- 8.2 The Company may also consider ways of supplementing information released to stock exchanges by improving investor access to their public announcements.
- 8.3 The Chief Investor Relations Officer of the Company to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information. The Chief Investor Relations Officer shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and coordinating disclosure of Unpublished Price Sensitive Information to stock exchanges, analysts, shareholders and media, and educating staff on disclosure policies and procedure.
- 8.4 All Unpublished Price Sensitive Information should normally be approved in advance by the Chief Investor Relations Officer before disclosure/ dissemination. If information is accidentally disclosed without prior approval, the person responsible may inform the Chief Investor Relations Officer immediately.
- 8.5 The Company shall have clearly laid down procedures for responding to any queries on news reports or requests for verification of market rumours by regulatory authorities, stock exchange(s). The Chief Investor Relations officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumors and then making the disclosure.
- 8.6 The following guidelines shall be followed while dealing with analysts and institutional investors:

- (i) The Company shall provide only public information to the analyst/ research persons/ large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.
- (ii) At least two Company representatives be present at meetings with analysts, media persons and institutional investors in order to avoid misquoting or misrepresentation and discussions may be transcribed/recorded, if required. Such unanticipated questions may be taken on notice and a considered response given later. If the answer includes Unpublished Price Sensitive Information, a public announcement should be made before responding.
- (iii) When the company organises meetings with analysts, the company shall develop and implement best practices to make transcripts or records of proceedings and post them on its website after every such meet.

8.7 Unpublished Price Sensitive Information that would impact price discovery shall be not disclosed unless credible and concrete information comes into being in order to make such information generally available.

8.8 Unpublished Price Sensitive Information shall be disclosed/ disseminated on uniform and universal basis and selective disclosure should not be made. In case any such information gets disclosed selectively, inadvertently or otherwise to it shall be promptly disclosed/ disseminated to make such information generally available.

8.9 The medium of disclosure/ dissemination shall be as follows:

- (i) The Company shall ensure that disclosure to stock exchanges is made promptly.
- (ii) The Company may also facilitate disclosure through the use of their dedicated Internet website.

9. PENALTIES FOR CONTRAVENTION

Violation of this Code will invite severe disciplinary action. Such disciplinary action will also include wage freeze, suspension etc. and the above disciplinary action shall be irrespective of action that may be taken by SEBI under the Regulations.

10. GENERAL

This policy is only Internal code of conduct and one of the measure to avoid insider trading. It would be the responsibility of each Insider to ensure compliance of SEBI Regulations and statutes fully.

By order of the Board

Compliance Officer