

# ELGI

To  
Bombay Stock Exchange limited  
Corporate Services  
Floor 25, PJ Towers,  
Dalal Street,  
Mumbai – 400001

Fax: 22723121/2037  
2041/2061/2039/3719

E: SEC: 1016

Date: 15/05/2015

Dear Sirs,

Ref: SEBI notification on Disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015 dated 11.05.2015

Sub: Intimation of Formulated code of conduct, Code of practices and procedures for fair disclosure of UPSI and Standards for code of conduct to regulate, monitor and report trading by Insiders.

In connection to the notification as referred above, the Company hereby discloses or confirms its code of conduct, Code of practices and procedures for fair disclosure of UPSI and Standards for code of conduct to regulate, monitor and report trading by Insiders to the stock exchanges as enclosed to this letter.

The same shall be placed before the Board for its approval in its forthcoming board meeting on 29.05.2015. If any changes made therein, after the meeting the same shall be confirmed to the stock exchanges.

Kindly take into your records and acknowledge the same.

Thanking you,

Yours Faithfully,

**For Elgi Equipments limited**

  
**Vaishnavi PM**  
**Company Secretary**

- Encl: 1. SEBI Insider Trading Regulations Internal Code of Conduct  
2. Code of practices and procedures for fair disclosure of UPSI  
3. Standards for code of conduct to regulate, monitor and report trading by Insiders

## ELGI EQUIPMENTS LIMITED

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## SEBI Insider Trading Regulations, 2015

### The Regulations

- Insiders not to communicate, provide or allow access to any unpublished price sensitive information ( UPSI) relating to the company or its securities to any person, except when it is for legitimate purposes, performance of duties or discharge of legal obligations.
- The board may communicate an UPSI or allow access to it for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. UPSI may also be communicated or allowed access to even in transactions that don't entail an open offer under takeover regulations if the board decides that it is in the best interests of the company to do so; however the board should cause public disclosures of UPSI well before the proposed transaction.
- Insiders should not trade in the company's securities when in possession of UPSI, except when:-
  - The transaction is an off market inter-se transfer between promoters who were in possession of the same UPSI without being in breach of the above regulation;
  - In the case of individual Insiders, the individuals taking trading decisions were not in possession of UPSI when they took the decision to trade;
  - Appropriate arrangements were in place to ensure that the regulations were not violated and no UPSI was communicated by the individuals possessing the same to the individuals taking trading decisions and there is no evidence of such arrangements being breached;
  - The trades were pursuant to a trading plan set up in accordance with the below regulation.
- Insiders should prepare a trading plan for dealing in the company's securities and have it approved by the company secretary who shall review it for any violations with the regulations and obtain undertakings, if needed. The plan, once approved, is irrevocable and Insiders have to implement it without deviations. The trading plan shall not be implemented if the UPSI in possession of the Insider is not generally available at that time. The company secretary shall notify the plan to the stock exchanges. The plan shall provide that there should be:-
  - No trading on behalf of the Insider earlier than six months from the public disclosure of the plan;
  - No trading between the 20<sup>th</sup> day prior to the last day of a financial period for which the results are announced and the 2<sup>nd</sup> trading day after disclosure of the financial results;
  - Trading for at more than 12 months;
  - No overlap with another trading plan in existence;
  - Set out the value of trades to be effected, no of securities , nature of trade,

proposed trade dates ;

- No trading for market abuse.
- Promoters, directors, KMP's shall disclose their/their relatives' holdings of company's securities as at 15-5-2015 , and those appointed after this date shall disclose it on the date of appointment. The company shall maintain these disclosures for 5 years.
- Promoters, employees, directors shall disclose the no of company securities acquired or disposed off within 2 trading days of such transaction if the value of securities traded in a quarter aggregates to Rs 10.00 lakhs or such other value as specified. Company to notify particulars of trading to the stock exchanges within 2 trading days of receipt of the disclosure or from becoming aware of such information.
- Connected Persons should reveal on request, their holdings and trades in company's securities.
- The board to formulate and publish on the company's website a code of practices and procedures for fair disclosure of UPSI it would follow in order to adhere to the regulations, and intimate the same to the stock exchanges.
- The board to formulate a code of conduct to regulate, monitor and report trading by its employees and other Connected Persons for achieving compliance with the regulations.
- The company secretary shall administer the code of conduct and other requirements under these regulations.

**Definitions:**

- **Insiders-** Connected Persons or those in possession of UPSI;
- **Takeover regulations-** SEBI ( substantial acquisition of shares and takeovers) Regulations, 2011 and any amendments thereto;
- **Trading-** subscribing, buying, selling, dealing or otherwise agreeing to buy, sell, deal in securities.
- **UPSI-** information about company not generally available and which if available will materially affect the price of securities, not limited to, financial results, dividends, change in capital structure, mergers, de-mergers, acquisitions, de-listings, disposals, expansion of business, changes in KMP, material events as in listing agreement.
- **Connected Persons-** persons having direct or indirect association with company in the 6 months prior to an act which allows direct or indirect access to UPSI or is reasonably expected to allow access, an immediate relative of such persons, holding/associate/subsidiary company, an intermediary as defined in SEBI Act, 1992 or an employee or director, investment company, trustee company, asset management company or employee or director thereof, bankers of the company, a concern / company/AOP wherein a director or his immediate relative or banker of

the company has more than 10% holding or interest.

- **Generally available information-** information that is accessible to the public on a non-discriminatory basis.

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## **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

**Purpose-** The purpose of this code is to set out practices and procedures for fair disclosure of unpublished price sensitive information relating to the company and thereby adhere to the SEBI Insider Trading Regulations, 2015.

**Unpublished Price Sensitive Information ( UPSI) -** means information about the company not generally available and which if available will materially affect the price of the company's securities, not limited to, financial results, dividends, changes in capital structure, mergers, de-mergers, acquisitions, de-listings, disposals, expansion of business, changes in key management personnel and other material events as described in the listing agreement that the company has executed with the stock exchanges.

### **The Code**

- a. No sooner than the company is able to obtain prompt and credible information that could be shared publicly, the company will promptly disclose UPSI that would affect the price of its securities.
- b. The company will not selectively disclose UPSI. When UPSI is disclosed, the disclosure shall be made to everyone without any discrimination or bias and the information shared will not be altered or changed for some persons alone.
- c. The chief financial officer shall act as the chief investor relations officer and he/she shall be responsible for disseminating and disclosing the UPSI uniformly. In this connection, the company secretary shall ensure that the UPSI is correct in all respects, does not contain any false or misleading statements, is approved by all concerned within the company. The company secretary shall ensure to disclose UPSI as is only necessary.
- d. If the company discovers at any point of time that the UPSI was selectively or inadvertently disclosed, at the earliest opportunity, he/she shall cause the UPSI to be disseminated promptly to the general public.
- e. It is the company's policy to provide an appropriate, prompt and fair response to news reports and requests for verification of market rumours by regulatory authorities. The company will not inordinately delay in responding to such reports and requests but volunteer adequate information to provide a satisfactory response. The company shall provide a response within seven days of receiving a request unless the response requires professional advice.
- f. The company regularly meets with analysts and research personnel who track the company's performance. The company will exercise caution while sharing information about its financials, business outlook, and other information that could impact the price of its securities. No UPSI shall be shared with analysts and research personnel. The managing director and chief financial officer alone are authorised to speak to the analysts and research personnel.
- g. The company shall adhere to the following practices when dealing with analysts and other investor relations conferences:-  
The company engages with investors and analysts through three methods:-
  - Through quarterly conference calls after announcement of financial results
  - A. the Managing Director and Chief Financial Officer will host the con call and answer queries from the con call participants;

- B. the con call post will be recorded and posted on company website.
  - C. no UPSI shall be shared with the con call participants. If any UPSI is shared, it shall be made public simultaneously.
  - D. no futuristic statements will be issued by the company in its con call with analysts.
- Through annual analysts meet
    - A. all such meetings /proceedings shall be addressed by the managing director;
    - B. the analysts and/or other participants shall be informed well in advance of the conference;
    - C. duration of all such meetings/conferences shall not exceed 60 minutes, unless a longer duration is approved by the managing director of the company;\
    - D. the managing director will make a power point presentation on the company's performance and answer queries from the analysts on any points in the presentation;
    - E. analysts will be permitted to freely air their views.
    - F. every analyst shall be given an equal opportunity to present their views or pose question.
    - G. no futuristic statements will be issued by the company in any analysts' conference
    - H. no UPSI shall be shared with analysts. If any UPSI is shared, it shall be made public simultaneously
    - I. the power point presentation shall be posted on the official web site of the company and the fact of the same shall be informed to the analysts/participants;
    - J. the power point presentation shall not be tampered with and in order to ensure the same, the technology dept of the company will ensure the participation of one senior officer when the same is uploaded in the company's web site.
    - K. The head of technology dept shall be responsible for maintaining the web site.
  - Through written correspondence via e-mails
    - A. individual queries from analysts before or after the conference calls/meetings shall be handled only through e-mails.
    - B. no UPSI shall be shared in reply towards the queries received in emails / written communications. If any UPSI is shared, it shall be made public simultaneously
    - C. no futuristic statements will be issued by the company in its reply communication.
- h. UPSI shall generally be made available only to the following persons:-
- i.the managing director;
  - ii.board of directors
  - iii. key managerial personnel
  - iv. senior management; i.e, one level below the managing director
  - v. head of internal audit and head-legal & secretarial

The company shall ensure that all employees in the above list have signed an employee proprietary and inventions agreement with the company before any UPSI is shared with them. In the rare instance where the UPSI has to be disclosed to any other employee within the company, the company shall ensure that responsibility for dissemination and protecting confidentiality rests with the employees in the above list who desire the disclosure to such other employees and such employees too have signed the employee proprietary and inventions agreement. Employees who handle UPSI shall be informed of its confidential and

sensitive nature and cautioned against any disclosure. Employees should be educated to hand over immediately to any of the persons in the above list any UPSI that comes into their possession inadvertently.

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## Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders

1. The Company Secretary, being the Compliance Officer shall report to the Board of Directors. He / she shall provide reports to the Chairman of the Audit Committee or to the Board once in every Quarter as stipulate by the Board.
2. Information relating to the Company shall be handled in the following manner:
  - a. Not all information shall be made available to everyone in the organisation;
  - b. Information shall be shared only on a need to know basis and if necessary the organisation shall create e-mail groups to enable flow of information only to certain groups who have a need to know.
  - c. All employees shall sign the Employee Proprietary and Inventions Agreement at the time of joining employment
  - d. Employees should ensure that the information they receive is kept confidential and not shared with anyone unconnected to it.
  - e. Employee shall also ensure that they obtain proper authority before divulging the information to unconnected persons.
  - f. UPSI shall generally be made available only to the following persons:-
    - i. the managing director;
    - ii. board of directors
    - iii. key managerial personnel
    - iv. senior management; i.e, one level below the managing director
    - v. head of internal audit and head-legal & secretarialThe above persons shall not share UPSI with any other person except in furtherance of the Insiders legitimate purposes, performance of duties and discharge of his/her legal obligations.
  - g. Chinese wall Procedures and processes:
    - 1) The organization operates within a secure registered domain within which the information systems resides
    - 2) All users are provided login and passwords to access the domain. The passwords are centrally controlled and enforces the users to change password periodically
    - 3) The organization has a secure firewall which prevents threats from the Internet. It also controls the flow of information to and from the outside world
    - 4) All systems are protected with Antivirus system to prevent any loss or leakage of information as a result of virus infection
    - 5) To filter unsolicited emails that has the potential to carry malwares we have implemented Email gateways and spam filters
    - 6) Internet proxy servers are implemented for content filtering and preventing download of unsolicited data from internet which can carry threats
    - 7) Virtual Private Networks are implemented to implement travelling and overseas employees to securely access the organizations information systems.



8) Internal Firewall systems have been implemented for controlled access to information systems and to route information securely within the organization and its various branches

9) Access to all critical systems are provided only based on request and approvals

10) Non-employees or third parties are required to sign an NDA before they are given access to information systems

11) Information Assets are allocated only after the employees signs an undertaking which stipulates the code of conduct for usage of such assets

3. The following employees and connected persons are designated as “**Designated Persons**”

i. the managing director;

ii. board of directors

iii. key managerial personnel

iv. senior management; i.e, one level below the managing director

v. head of internal audit and head-legal & secretarial

vi. employees in finance department

These designated persons are likely to be in possession of UPSI, hence they will governed by the following Internal Code of Conduct governing dealing in securities. The Board may in consultation with the Company Secretary, add or delete from the list above persons to be covered as designated persons on the basis of their role and function in the organisation, having due regard to the access that such role and function would provide to UPSI in addition to seniority and professional designation.

4. The designated persons may trade in the organisation’s securities only if they are in compliance with the Regulations. The Company Secretary shall have the authority to open or close the trading window. If the Company Secretary determines that one or more designated persons can reasonable be expected to have possession of UPSI he/she shall close the trading window in relation to the securities to which such UPSI relates. Designated persons and their immediate relatives shall not trade in Company’s securities when the trading window is closed.

5. The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors including the UPSI 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. The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

6. Trading by designated persons when the trading window is open is subject to Company Secretary’s clearance if the value of the proposed trades if above Rs.10 Lakhs. No designated person shall apply for pre - clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.

7. The Company Secretary shall confidentially maintain a list of such securities as a "Restricted List" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
8. Prior to approving any trades, the Company Secretary shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any UPSI. He/she shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
9. Trades that have been pre-cleared by the Company Secretary shall be completed by the designated persons within 7 trading days. If the designated persons were unable to trade within the 7 trading days, fresh pre-clearance has to be obtained.
10. For a period of six months from the date a designated person is permitted to trade, he/she shall not execute a trade without paying for it. The company secretary may relax this condition for reasons to be recorded in writing and without violating the Regulations. If the designated person indulges in a contra trade, the profits from it will be surrendered to the board for credit to the investor protection and education fund administered by SEBI.
11. The formats as in Annexures A to C shall be used to monitor compliance with the Regulations. The Company Secretary shall obtain declaration as in Annexure D once in Six months from the designated persons.
12. Any violation of this Code of Conduct shall be construed as a misconduct and appropriate disciplinary action will be initiated for any contravention in accordance with the following:
  - a. Contravention committed for the first time – Warning letter will be issued
  - b. Contravention committed for the second time – 50% of the monthly wages shall be frozen. (month in which the contravention was committed)
  - c. Contravention for the third time – Will lead to suspension from service for One Month.
  - d. Contravention for the fourth time – May lead to termination of employment.
13. The Board of Directors shall promptly inform SEBI if there has been any violation of these regulations

**Definitions:**

1. **UPSI-** information about company not generally available and which if available will materially affect the price of securities, not limited to, financial results, dividends, change in capital structure, mergers, de-mergers, acquisitions, de-listings, disposals, expansion of business, changes in KMP, material events as in listing agreement.
2. **Regulations:** SEBI ( Prohibition of Insider Trading ) Regulations 2

**ANNEXURE – A**

**SEBI (Prohibition of Insider Trading) Regulations, 2015**

**APPLICATION FOR PRE-CLEARANCE OF TRADE IN COMPANY'S SECURITIES**

1	Name of the Person	Designated	
2	Position held in the organisation	in the	
3	Date of Application		
4	Whether the Designated Person is in possession of Unpublished Price Sensitive Information of the Company		YES / NO
5	Company's securities proposed to be traded		EQUITY SHARES / PREFERENCE SHARES
6	Nature of trade		BUY / SELL/ DEAL/ SUBSCRIBE/ AGREEING TO BUY, SELL, DEAL, SUBSCRIBE
7	No. of securities proposed to be traded		
8	Value of the proposed trade (Please mention only if the Value exceeds Rs.10 Lakhs)		

I hereby declare that the above particulars are true. I agree not to indulge in any trade without paying for it for a period of Six months from the date the Company Secretary provides the clearance. My relatives and I shall not trade in the Company's Securities when the trading window is closed. I agree to execute the trade within 7 trading days from the date my proposed trades are pre-cleared by the Company Secretary.

Signature:

Date:

Place:

**\*UPSI – Unpublished Price Sensitive Information**

**ANNEXURE – B**

**SEBI (Prohibition of Insider Trading) Regulations, 2015**

**FORMAT FOR REPORTING OF EXECUTION OF TRADES IN COMPANY'S SECURITIES**

1	Name of the Designated Person	
2	Position held in the organisation	
3	Date of Notification	
4	Whether the Designated Person is in possession of Unpublished Price Sensitive Information of the Company	YES / NO
5	Company's securities traded	EQUITY SHARES / PREFERENCE SHARES
6	Nature of trade	BUY / SELL/ DEAL/ SUBSCRIBE/ AGREEING TO BUY, SELL, DEAL, SUBSCRIBE
7	No. of securities traded	
8	Value of the trades (Please mention only if the Value exceeds Rs.10 Lakhs)	

I hereby declare that the above particulars are true.

Signature:

Date:

Place:

**\*UPSI – Unpublished Price Sensitive Information**

**ANNEXURE – C**

**SEBI (Prohibition of Insider Trading) Regulations, 2015**

**FORMAT FOR REPORTING DECISION NOT TO TRADE AFTER SECURING PRE – CLEARANCE AND REASONS FOR NOT TRADING AFTER SECURING PRE – CLEARANCE**

1	Name of the Designated Person	
2	Position held in the organisation	
3	Date of Notification	
4	Whether the Designated Person is in possession of Unpublished Price Sensitive Information of the Company	YES / NO
5	Company's securities that were proposed to be traded	EQUITY SHARES / PREFERENCE SHARES
6	Nature of trade	BUY / SELL/ DEAL/ SUBSCRIBE/ AGREEING TO BUY, SELL, DEAL, SUBSCRIBE
7	No. of securities that were proposed to be traded	
8	Value of the proposed trade (Please mention only if the Value exceeds Rs.10 Lakhs)	
9	Date of securing pre – clearance	
10	Reasons for not executing trade after securing pre - clearance	

I hereby declare that the above particulars are true.

Signature:

Date:

Place:

**\*UPSI – Unpublished Price Sensitive Information**