

# HISAR METAL INDUSTRIES LIMITED

Regd. Off & Works: Near Industrial Development Colony, Hisar-125005 (HRY)  
Phone: 01662-220067,220367,220738 Fax 01662-220265  
Email :info@hisarmetal.com, Web www.hisarmetal.com  
CIN No: L74899HR1990PLC030937

## Code of Conduct for Prevention of Insider Trading

### 1. INTRODUCTION

Regulation 9 of the Securities and Exchange Board of India (Prohibition Of Insider Trading) Regulations, 2015 ("the Regulations") requires that the Board of Directors of every listed company shall ensure that Chief Executive Officer/Managing Director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated person and immediate relatives of designated person towards achieving compliance with the Regulations, adopting minimum standards as set out in Schedule B of the Regulations, without diluting the provisions of the Regulations in any manner.

In the above context, Hisar Metal Industries Limited (the "Company") has formulated this Code as a part of Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting by Designated Person (defined hereinafter) and Immediate Relative(s) of Designated Person (defined hereinafter) of the Company.

### 2. DEFINITION

a) "**Act**" means the Securities and Exchange Board of India Act, 1992;

b) "**Board**" means a Securities and Exchange Board of India.

c) "**Code**" means this Code of Conduct formulated for Regulating, Monitoring and Reporting by Insiders under the Regulations, as amended from time to time.

d) "**Compliance Officer**" means the Company Secretary. In the absence of the Company Secretary, Chief Financial Officer shall act as the Compliance officer. Provided that Compliance officer shall be financially literate i.e he/she has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

e) "**Connected Person**" 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 director, officer or an 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 be deemed to be connected persons unless the contrary is established, -

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- a) an immediate relative 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 recognized or authorized by the Board; or
- i) a banker of the company; or
- j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest;

(f) "**Designated Persons(s)**" shall include:

- i. Every Promoter of the Company;
- ii. Every director of the Company;
- iii. Key Managerial Personnel of the Company;
- iv. Every employee in the grade of General Managers and above;
- v. Every employee in the Corporate Secretarial, Insurance, Taxation, Accounts, IT & Legal department irrespective of their role, designation etc.as may be determined and informed by Compliance Officer;
- vi. Any other employee /person as may be determined by the Board from time to time in consultation with the management of the Company considering the objectives of the Code; and
- vii. Immediate Relatives of all the above persons.

(g) "**Generally available information**" means information that is accessible to the public on a non discriminatory basis;

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- (h) **"Immediate relative"** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person 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 Personnel"** means key managerial personnel as defined under Section 203 of the Companies Act, 2013 and includes: -
  - (i) Chief Executive Officer;
  - (ii) Managing Director;
  - (iii) Manager;
  - (iv) Company Secretary;
  - (v) Whole-Time Director; and
  - (vi) Chief Financial Officer.
- (k) **"Need to Know basis"** means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty.
- (l) **"promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- (l)(a) **"promoter group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 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) **"specified"** means specified by the Board in writing;
- (o) **"takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- (p) **"trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;
- (q) **"trading day"** means a day on which the recognized stock exchanges are open for trading;

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(r) "**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's, disposals and expansion of business and such other transactions;
- (v) Changes in key managerial personnel.

Terms that have not been defined in this Code shall have the same meaning assigned to them in the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

### **3. COMPLIANCE OFFICER**

- A. The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors.
- B. The Compliance Officer shall assist all Designated Persons/Connected person in addressing any clarifications regarding the Insider Trading Regulations and the Company's Code of Conduct.

### **4. COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

- a) All information shall be handled within the Company on a Need-to-Know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to "cross the wall".
- b) Notwithstanding anything contained in this regulation, 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 sharing of such information is in the best interests of the Company;

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- (ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine to be adequate and fair to cover all relevant and material facts.

However, 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, except for the purpose of point (b) above, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

## **5. CHINESE WALL**

- a) To prevent the misuse of confidential information the Company has laid down "ChineseWall" procedures which separates those areas of the Company which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale/marketing/investment advice or other departments providing support services, considered "public areas".
- b) The employees in the inside area shall not communicate any Price Sensitive Information to any one in public area.
- c) In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on "need to know" basis criteria in furtherance of their legitimate purposes, performance of duties or discharge of legal obligations.

## **6. PRE CLEARANCE OF TRADES**

- a) When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above Rs. 30,00,000 (in one or more tranches).
- b) Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

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c) Trades that have been pre-cleared have to be executed by the designated person which in any event shall not be more than seven trading days, failing which fresh pre-clearance would be needed for the trades to be executed.

7. Designated Persons and immediate relatives of designated persons in the organization shall be governed by an internal code of conduct governing dealing in securities.
8. Designated persons may execute trades subject to compliance with the Regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the Compliance Officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated Persons and their immediate relatives shall not trade in securities when the trading window is closed.

Trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.

9. 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.
10. The code of conduct specifies the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. 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 these regulations. Should 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 Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

Effective from April 1, 2019

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11. The formats for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations shall be taken as provided by the Regulations.
12. The code of conduct specifies that in case it is observed by the Company that there has been a violation of these regulations, it shall inform the Board promptly.
13. Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:
  - a) immediate relatives
  - b) persons with whom such designated person(s) shares a material financial relationship
  - c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

## 14. DISCLOSURES BY CERTAIN PERSONS

### a) Initial Disclosures

- (i) Every person on appointment as 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 format as provided by the Regulations.

### b) Continual Disclosures

- (i) Every promoter, member of the promoter group, designated person and director of every company shall disclose to the company the number of such securities acquired or disposed of within two 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 provided by the Regulations.

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- (ii) 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.

**c) Disclosures by other connected persons**

- (i) 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 company in order to monitor compliance with these regulations in the format as provided by the Regulations.

## **15. INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING**

- (1) The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.
- (2) The internal controls shall include the following:
  - (a) all employees who have access to unpublished price sensitive information are identified as designated employee;
  - (b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
  - (c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
  - (d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
  - (e) all other relevant requirements specified under these regulations shall be complied with;
  - (f) periodic process review to evaluate effectiveness of such internal controls.
- (3) The board of directors of the company and the board of directors shall ensure that the Chief Executive Officer or the Managing Director or such other analogous person ensures compliance with regulation 9 and sub-regulations (1) and (2) of the Regulations.

Effective from April 1, 2019



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- (4) The Audit Committee of the Company shall review compliance with the provisions of the Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
  
- (5) The Board shall adhere to the whistle blower policy in regard to the suspected leak of unpublished price sensitive information(UPS).

## **16. AMENDMENT OF THIS CODE**

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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