

## **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS IN SECURITIES OF LAKSHMI MACHINE WORKS LIMITED**

### **PURPOSE**

As per the requirement of the SEBI(Prohibition of Insider Trading)Regulations, 2015 this internal Code is designed to prohibit a Designated person and his/ her Immediate relative who have access to or in possession of unpublished price sensitive information, from trading in Company's shares. The Code has been framed in line with the minimum standards for code of conduct specified in Schedule- B of the said Regulations.

This Code supersedes the Company's Code for prevention of Insider Trading framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

### **EFFECTIVE DATE**

This code shall come into force on 20th May, 2015

### **DEFINITIONS**

1. **Compliance Officer** means the Compliance officer appointed by the Company pursuant to Regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 namely the Company Secretary of the Company.
2. **Connected Person** inter alia includes a person who is or has during 6 (six) months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of:
  - a. frequent communication with its officers ; or being in any contractual, fiduciary or employment relationship; or being a director, officer or an employee of the Company; or
  - b. holding 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himself and the Company whether temporary or permanent that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

Further, following persons shall be deemed to be connected persons:

1. an immediate relative of Connected person as specified above;
2. a holding company or associate company or subsidiary company;
3. bankers to the Company a concern, firm, trust, HUF, company or association;
4. of persons wherein a director of the Company or his immediate relative;
5. banker of the Company has more than 10% holding or interest.

**3. Designated Persons** shall mean:

- a. Directors of the Company.
- b. Officers as defined in the Companies Act, 2013
- c. All employees three tiers below Board Level.
- d. Employees in the Corporate Finance Department as designated by the Chief Financial Officer
- e. All employees in the Secretarial Department as designated by the Company Secretary.
- f. All executive assistants/confidential secretaries to persons mentioned under (i) to (iii) supra.
- g. Any other Connected person as may be specified by the Compliance Officer or Managing Director from time to time.

**4. Immediate relative** means the spouse of a designated person and includes parent, sibling and child of such person or of the spouse, any of whom is either dependent financially on such designated person or consults such designated person in taking decisions relating to trading in securities.

For the purpose of this Code, the declaration given by a Designated Person to the effect that an Immediate Relative is dependent financially on him/her or who consults him/her in taking decisions relating to trading in securities will be accepted.

**5. Insider** means any person who is a Connected person as defined above or a person in possession of or having access to unpublished price sensitive information on which recognized stock exchanges are open for trading.

**6. Unpublished Price sensitive information (UPSI)** means any information, relating to the 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 of the Company and shall, ordinarily including but not restricted to, information relating to the following:

- a. financial results
- b. dividends
- c. change in capital structure
- d. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- e. changes in Key Managerial Personnel; and
- f. Material events in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**7. Trading window open period** refers to the period during which the Company's securities can be traded by the Designated Person as provided in this Code.

**8. Trading Window Closure Period** refers to the period during which the designated persons of the Company shall not deal with the shares of the Company.

Words and expressions used herein and not defined in this Code shall have the meanings respectively assigned to them in SEBI Act, 1992, the SCRA Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and Rules and Regulations madethereunder.

#### **4. ROLE OF COMPLIANCE OFFICER**

The Compliance Officer shall be responsible for:

- a. Compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for reservation of UPSI;
- b. monitoring of trades and implementation of this Code under the overall supervision of the Board of Directors of the Company;
- c. reviewing the trading plan and assessing the potential of the plan for violation of the Regulations, if any;
- d. Approving and monitoring the implementation of the plan; Notify the trading plan to the stock exchanges where the securities are listed, on approval of the plan.

#### **5. PRESERVATION, COMMUNICATION AND PROCUREMENT OF UPSI**

- a. Designated persons shall maintain confidentiality of all UPSI. Designated persons shall not pass on such information to any person directly or indirectly,
- b. UPSI is to be handled within and outside the Company on a "need to know" basis, and no UPSI shall be communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations.
- c. No Designated Person shall procure from or cause the communication by any insider, of UPSI, relating to the Company or its securities, either directly or indirectly except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- d. Any person including Auditors, accountancy firms, law firms, analysts, consultant firms etc., assisting or advising the Company, who is expected to have access to UPSI in the course of business operations shall be advised to formulate a Code of conduct to regulate, monitor and report trading by its employees/ Connected persons towards achieving compliance of these regulations, adopting the minimum standards set out in the Regulations without diluting any provisions. They will also be subjected to the trading window provisions of this Code.

## **6. RESTRICTIONS FOR TRADING BY THE DESIGNATED PERSONS.**

All Designated persons and their immediate relatives shall be subject to the trading restrictions enumerated below:

- a. The Company shall in consultation with the management specify a trading window closure period during such period the designated employees and their immediate relatives shall not deal with the shares of the company.
- b. The trading window shall be closed during the time when the UPSI is unpublished:
- c. The timing for closing and re-opening of the trading window shall be determined by Compliance Officer after taking into account of various factors. Generally, the trading window shall be closed at least ten working days in advance of the publication of the UPSI and shall be opened at least forty eight hours after the publication of the UPSI.
- d. The trading window shall also be closed when the Compliance Officer is of the opinion that a Designated Person or class of Designated Persons is reasonably expected to be in possession of UPSI.

## **7. PRE-CLEARANCE OF TRADES**

- a. All designated Persons on their behalf and on behalf of their immediaterelative who intend to deal in the securities of the Company during the periodwhen the trading window is open, should obtain pre-clearance the transaction(s) if the value of the transaction, either to be conducted through asingle transaction or a series of transactions, exceeding Rs.10 lakhs in value(market value) in every calendar quarter
- b. No Designated Person shall make an application for pre-clearance of any proposed trade if such designated person is in possession of UPSI even if the trading window is not closed. It is clarified that it is the responsibility of the DesignatedPersons to obtain approvals in respect of trades proposed to be conducted by them.
- c. An application may be made in the prescribed FORM NO 3, to the Compliance Officer indicating the estimated number of securities that the designated person intends to deal in, the details as to the depository with which he has asecurity account, number of securities held by him in physical and depositorymode and such other details as may be required by the Company in thisregard.
- d. Compliance Officer shall either clear the requested deal or decline to clear the same within 7 days of receipt of the request in the prescribed form. In case of declination, the reasons for the same shall be recorded by the Compliance Officer.

- e. The pre clearance given by the Company is valid for seven days only. The trade is not done within that period a fresh clearance is required.
- f. An undertaking shall be executed in favour of the Company by such designated person confirming that:
  - 1. That the designated person does not have any access or has not received upto the time of signing the undertaking any "Unpublished Price Sensitive Information".
  - 2. That in case the designated person has access to or receives unpublished 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/her position and that he/she would completely refrain from dealing in the securities of the Company till the time such information is published.
  - 3. That he/she has not contravened this Code.
  - 4. That he/she has made a full and true disclosure while applying for clearance to trade
- g. In case the Compliance Officer or any of his / her immediate relative wishes to trade in the securities of the company, he/ she should get the trade pre- cleared by the Chairman and Managing Director of the Company and all provisions of the pre-clearance as would be applicable to a Designated Person shall be applicable to the Compliance Officer.
- h. Designated persons and their immediate relatives who buy or sell any number of securities shall not enter into an opposite transaction viz., sell or buy as the case may be for a period of six months following the previous transaction. Further, they shall also not take any position in derivative transactions in the securities at any time.

## **8. TRADING PLANS**

Any Insider who may be perpetually in possession of UPSI is entitled to formulate a trading plan enabling him/her to trade in securities. The Compliance Officer is required to review the trading plan to assess whether the plan potentially violates the Regulations. Trading plan approved by the Compliance Officer should be notified to the stock exchanges where the securities are listed.

Trading plan shall:

- a. Not entail commencement of trading on behalf of the Insider earlier than six months from the public disclosure of the plan;

- b. Not entail trading for the period between twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- c. Entail trading for a period of not less than twelve months;
- d. Not entail overlap of any period for which another trading plan is already in existence;
- e. 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; and
- f. Not entail trading in securities for market abuse.

The Compliance Officer may seek express undertakings necessary for the assessment, approval and implementation of the trading plan. An approved trading plan is irrevocable. Insider cannot execute any trade outside the scope of the trading plan.

## **9. DISCLOSURES**

### **Initial Disclosure**

Every Promoter, Key Managerial Personnel and Director of the Company shall be required to submit the details of their holdings in the Company's securities and that of their immediate relatives to the Compliance officer within thirty (30) days from the date of the Regulations becoming effective in Form No. 2. The said persons are also required to submit an undertaking to the Compliance Officer that they will adhere to the regulations laid down in Form No. 1.

Every person on appointment as a Key Managerial Personnel or as a Director of the Company or upon becoming a Promoter shall disclose his/her holding of securities of the Company as on date of the appointment or becoming a Promoter, to the Company/Compliance Officer within seven (7) days of such appointment or becoming a Promoter. (Form No. 2)

In the event a new immediate relative comes into being or any existing immediate relative ceasing to be Dependent, the concerned Designated Person shall forthwith give a notice in writing of such changes to the Compliance Officer.

## **Continual Disclosures**

Continual disclosure of securities of the Company acquired or disposed of by a Promoter, Employee or Director of the Company, in case the value of securities so traded, whether in one transaction or a series of transactions over a calendar quarter, aggregates to value in excess of ₹10 lakhs (Rupees Ten lakhs) shall be made within two (2) trading days of such transaction in the prescribed Form No. 4.

Particulars of such trading shall be reported by the Company to the stock exchanges on which securities are listed within two (2) trading days of receipt of the disclosure or becoming aware of such information.

The disclosures shall also include trading in derivatives and the traded value of the derivatives shall also be taken into account for this purpose.

Also an annual declaration in Form No. 5 shall be made to the Compliance Officer within 30 days of close of a financial year.

The Compliance Officer shall maintain records of all the declarations received in the prescribed forms for a minimum period of five years.

The Compliance officer shall place before the Board/ Audit Committee of the Company, on a quarterly basis, all the details of the holding/ dealing in the Company's securities by designated persons. The above report will also include reporting of pre-clearances not granted, decisions taken not to trade after securing pre-clearances with reasons thereof etc.

## **10. PENALTY FOR CONTRAVENTION OF THE CODE**

Designated persons who violate this Code shall also be subject to disciplinary action by the Company, which would be determined by the Chairman and Managing Director. The penalty may include wage freeze, suspension, termination, ineligibility for future participation in employee stock option plans, etc.

Should a contra trade be executed, inadvertently or otherwise, in violation of the restriction imposed in this Code, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to Investor Education and Protection Fund.

The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.

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## **11. 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 the Regulations, by any Designated Person, SEBI will be informed by the Company.

## **12. COMMUNICATION**

This Code will be uploaded in the Intranet of the Company. The Code for fair disclosure of UPSI will be uploaded in the website of the Company. The Code will be disseminated to all Designated Persons who shall abide by the same. The responsibility for complying with the provisions of the Regulations shall vest with each Designated Person including any violation by their immediate relatives.

The Compliance Officer can be contacted for any clarification/ assistance.





LAKSHMI MACHINE WORKS LIMITED

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**Form – 1**  
General Declaration from all Directors / Designated employees  
(as specified by the Company)

To  
The Compliance Officer Lakshmi  
Machine Works Limited 34-A,  
Kamaraj Road Coimbatore –  
641 018

I, \_\_\_\_\_, son of Sri. \_\_\_\_\_,  
residing at Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

and working as \_\_\_\_\_ in the Company do hereby declare that:

1. I shall maintain the confidentiality of all Price Sensitive Information, coming to my knowledge, whether directly or indirectly, and I 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 of the Company.
2. I shall disclose price sensitive information only on a "need to know" basis to the extent it is required to discharge my duties and in the best interest of the Company.
3. I shall conduct all the dealings in the securities of the Company only when the trading window is open.
4. I shall not purchase, sell or otherwise deal or trade in the Company's securities during the periods when the trading window is closed, or during any other period as may be specified by the Company from time to time.
5. I shall get pre-clearance as per the procedure laid down by the Company, for any transaction involving securities above the threshold limit fixed by the Company from time to time.
6. I shall provide details of dealings in securities on quarterly basis and also annually besides providing such information that the Company may call upon me to provide from time to time.
7. I shall provide the names and relationships of my dependent relatives initially and from time to time, whenever there is any change.
8. I understand that the regulations relating to, trading window, pre-clearance, periodic reporting of transactions in the company's securities shall apply in respect of my dependent relatives also and I undertake to furnish the information in this regard.
9. I shall strictly abide by the code of conduct for prevention of insider trading as notified by the company from time to time. I fully understand that in case of contravention, I may be penalized and appropriate action be taken by the company. I also understand that on contravention of code of conduct, I may be liable to disciplinary action by the Company, and this action does not preclude SEBI from taking any action against me.

Date:

Signature :



LAKSHMI MACHINE WORKS LIMITED

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FORM - 2

STATEMENT OF HOLDINGS IN THE COMPANY AS ON \_\_\_\_\_

To

The Compliance Officer  
Lakshmi Machine Works Limited  
34-A, Kamaraj Road  
Coimbatore - 641 018

Name of the Director

Employee No. (if employee)

Department

Designation

Date of joining

Sl.No.	Name	Relationship	No. of securities held		
			No. of Equity Share	No. of preference shares	No. of debentures
1		Employee / Director			
2	Relatives				
2.1					
2.2					
2.3					
2.4					
2.5					
2.6					
2.7					
2.8					
2.9					
2.10					

Date:

Signature:



LAKSHMI MACHINE WORKS LIMITED

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**FORM - 3**

**FORM FOR PRE-CLEARANCE OF TRADING IN SECURITIES**

- 1) Name of the Director / Designated Employee :
- 2) Employee No. (if an employee) :
- 3) Department :
- 4) Present holding in Company's securities:  
(Self and dependant relatives) :
  - a) Number of Shares :
  - b) Value :
- 5) Date of last transaction :
- 6) Mode of Proposed transaction : Electronic / Physical
- 7) Name of the depository participant with whom  
the transacting person has an account : NA
- 8) DP ID No. : NA
- 9) i) Folio No. :  
ii) Client ID No. :
- 10) Date of proposed transaction :
- 11) Nature of proposed transaction : Purchase / Sale
- 12) Number of Shares involved :
- 13) Amount involved :
- 14) Net holding after the transaction :
  - a) Number of Shares :
  - b) Value :



## LAKSHMI MACHINE WORKS LIMITED

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15) Purpose of transaction :

### **Undertaking by the applicant:**

- 1) I confirm that I am not in the possession of or have no access to any unpublished price sensitive information about the company as on this date.
- 2) I further undertake that no receipt of / access to such information I shall inform the Compliance Officer of the change in my position and that I shall completely refrain from dealing in the securities of the Company before the expiry of 24 hours from time such information become public.
- 3) I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- 4) I agree to abide by all the terms and conditions specified
- 5) I shall furnish any other information / explanation when called upon.
- 6) The aforementioned particulars are full and true to the best of my knowledge.

Date:

Signature of the Applicant



LAKSHMI MACHINE WORKS LIMITED

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(FOR OFFICE USE ONLY)

CLEARANCE BY COMPLIANCE OFFICER

I hereby give clearance for the transaction for which pre-clearance has been sought, subject to adherence to the following conditions by the applicant:

Conditions:

- The transaction shall be effect with a period of one week from the date of clearance viz., on
- a) or  
before \_\_\_\_\_
  - b) On expiry of one week, the applicant has to submit fresh request for pre-clearance of the transaction.
  - c) The applicant shall hold the securities for a minimum period of 6 months
- The applicant shall furnish such other information or execute such other undertaking as may
- d) be required by the compliance officer in this regard.
  - e) Any other conditions (to be specified)

Date:

Signature and Seal



LAKSHMI MACHINE WORKS LIMITED

FORM - 4

QUARTERLY STATEMENT OF TRADING IN SECURITIES FOR THE PERIOD

(From \_\_\_\_\_ to \_\_\_\_\_)

To

The Compliance Officer  
Lakshmi Machine Works Limited  
34-A, Kamaraj Road  
Coimbatore - 641 018

Name	Relationship	No. of shares held on (end of previous	No. of shares bought during the quarter	No. of shares sold during the quarter	No. of shares at the end of the quarter	Client ID / Folio No.
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Self	Director / Employee					
Relatives						

Date :

Signature:

Note: This information is to be furnished in respect of the employee/director as well as his/ her relatives within 15 days from the end of the each calendar quarter.



LAKSHMI MACHINE WORKS LIMITED

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FORM - 5

ANNUAL STATEMENT OF HOLDINGS (For the year ended 31st March, \_\_\_\_\_)

To

The Compliance Officer  
Lakshmi Machine Works  
Limited  
34-A, Kamaraj Road  
Coimbatore - 641 018

Name	Relationship	SECURITIES HELD		
		No. of Equity shares	No. of Preference shares	No. of Debentures
	Employee / Director			
Relatives				

Date :

Signature:

Note : -

This form shall be submitted within a period of 30 days from the end of each financial year