

Conart Engineers Limited

**Code of Internal Procedures and Conduct
for
Regulating, Monitoring and Reporting
of
Trading by Insiders**

(Code of Conduct for Dealing in Securities)

Dear Colleagues,

The Conart Engineers Limited has a tradition of conducting business, based on certain values, principles and beliefs as also keeping in mind the commitment of Conart Engineers Limited (CEL) towards effective and efficient Corporate Governance, that have made it essential to define the Policy more specifically and unambiguously.

The objective of the document is to explain the code of conduct for dealing in securities at the CEL. You would appreciate that no code of conduct can be exhaustive in nature and hence all employees of the CEL are expected to observe the spirit behind this document.

Should you require any clarification, kindly contact the Managing Director and/or Company Secretary of Conart Engineers Limited.

INTRODUCTION AND BACKGROUND

1. What is the document?

This document embodies the policy in respect of Code of Conduct for prevention of Insider Trading and dealing in securities of Conart Engineers Limited (CEL), to be observed by all employees of the CEL and group companies as and where applicable.

2. What is the objective of this document?

The objective of this document is to communicate to all the employees of Company / group companies the Code of Conduct of Conart Engineers Limited (CEL), related to dealing in securities of the CEL. It is intended to serve as a guideline to all our employees / related employees, which they should imbibe and practice, while dealing in securities of the CEL.

3. What does this document contain?

This document embodies the Company's Code of Conduct for Prevention of Insider Trading in Securities of the Company and encapsulates the restrictions, formats and the rules of conduct to be followed by the Company's directors, officers and employees and is intended to serve as a guiding charter for all persons associated with its functioning.

The document contains the following :

- Definitions
- Applicability of this document
- Code of Conduct for Dealing in Securities
- Relevant formats for intimation/ approval

At the end of this document, a section has been provided, to address some possible queries and with the answers to these questions.

DEFINITIONS

1. COMPLIANCE OFFICER

1.1 The Conart Engineers Limited has appointed Mr. Jimish Sura, as Compliance Officer, who shall report to the Managing Director and Chairman Audit Committee.

Duties and Responsibilities:

- (a) The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "price Sensitive Information", pre-clearing of designated employees' and their dependents' trades, monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of Directors.
- (b) The Compliance Officer shall maintain a record of the designated employees and any changes made in the list of designated employees.
- (c) The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 / 2011 and the Company's Code of Conduct.

- (d) The Compliance officer shall place before the Managing Director / Chief Executive Officer or a committee specified by the CEL, on a Quarterly basis, all the details of the dealing in the securities by designated employees / directors / officers of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this Code.
2. **INSIDER** - Any person who is connected or was connected with Conart Engineers Limited and/or its subsidiaries including Group Companies (hereinafter referred to as “CEL Group”) or is deemed to have been connected with CEL and who is reasonably expected to have access to unpublished price sensitive information in respect of shares / securities of Conart Engineers Limited, or who has received or had access to such unpublished price sensitive information and includes a Connected Person as defined in this Code.
3. **EMPLOYEE** - Employee means any person employed by Conart.
4. **CONNECTED PERSON** - Any person who is a director of Conart Engineers Limited or occupies the position as an officer or an employee of Conart Engineers Limited or holds a position involving a professional or business relationship between himself and Conart Engineers Limited, whether temporary or permanent and who may reasonably be expected to have access to unpublished price sensitive information in relation to Conart Engineers Limited.

Connected person shall also mean any person who is a connected person six months prior to an act of insider trading.

- 4A. **PERSON DEEMED TO BE CONNECTED** : Person deemed to be connected shall include the following :
1. Company’s subsidiaries or Group Companies;
 2. Company’s Bankers, Lenders and Debenture Trustee(s);
 3. Share Transfer Agent(s), Registrar to any issue of securities;
 4. Statutory Auditors, Internal Auditors, Cost Auditors and Tax Auditors;
 5. Employees of Connected Persons;
5. **DESIGNATED EMPLOYEE**
- a) All Directors of the Group, their Executive Assistants and their office / cell executives and executives working with these Directors.
 - b) All Unit Heads, Commercial Heads at Units and executives above the level of Senior Manager.
 - c) All executives and employees who are in top two tiers of management working with any of the Group Company's Corporate Finance Division / Cell / Corporate Office – who might have access to unpublished price sensitive information and those specifically designated by the Company .

- d) Company Secretary, Deputy Company Secretary and all the members of Secretarial &/or Legal Department in Company.
- e) All executives of Central Cell, Corporate Strategy Cell, Corporate Finance Group, Corporate Communication Cell, Internal / Functional Audit Cell and of all the other Corporate Cells.
- f) Respective secretaries of persons in a, b, c, d and e above and also includes persons living in the same household as an insider, whether or not related to the insider by blood, marriage or adoption.
- g) Any other officer / employee / person who may have access to price sensitive information and who are notified by the Compliance Officer in consultation with the Compliance Officer, Conart Engineers Limited shall be included within the purview of Designated Employees from time to time keeping in mind the objectives of this Code of Conduct.
- h) Such other employee as may be specified by the Compliance Officer in consultation with the Compliance Officer, Conart Engineers Limited, be designated employee, keeping in mind the objectives of this Code of Conduct.

The Compliance Officer shall maintain a record of the Designated Employees and any change made in the list of designated employees from time to time.

6. RELATIVES/ DEPENDANTS include

- a) Members of a Hindu undivided family; or
- b) Husband and wife; or
- c) One who is related to the other in the following manner, viz.
 - i. Father.
 - ii. Mother (including step-mother).
 - iii. Son (including step-son).
 - iv. Son's wife.
 - v. Daughter (including step-daughter).
 - vi. Father's father.
 - vii. Father's mother.
 - viii. Mother's mother.
 - ix. Mother's father.
 - x. Son's son.
 - xi. Son's son's wife.
 - xii. Son's daughter.
 - xiii. Son's daughter's husband.
 - xiv. Daughter's husband.
 - xv. Daughter's son.
 - xvi. Daughter's son's wife.
 - xvii. Daughter's daughter.
 - xviii. Daughter's daughter's husband.
 - xix. Brother (including step-brother).
 - xx. Brother's wife.
 - xxi. Sister (including step-sister).
 - xxii. Sister's husband.

7. DEALING IN SECURITIES

“Dealing in securities” means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in securities either as principal or agent.

Provided that for the purposes of this Code, holdings or dealings in securities by a Dependent of a Director, Officer, Employee or Designated Employee shall be deemed to have been held or done (as the case may be) by the concerned Director, Officer, Employee or Designated Employee and such Director, Officer, Employee or Designated Employee, as the case may be, shall be liable to comply with all the provisions of this Code as may be applicable to such holdings or dealings accordingly.

8. PRICE SENSITIVE INFORMATION

“Price sensitive information” means any information which relates directly or indirectly to a Company and which if published is likely to materially affect the price of securities of Company.

Information about Conart could be “material” if it would be expected to:

- (i) affect the investment or voting decision of a reasonable investor;
- (ii) significantly alter the total mix of information in the marketplace about Conart Engineers Limited, or
- (iii) Otherwise have a significant impact on the market value of Conart Engineers Limited securities.

Examples of price sensitive information could, inter alia, include:

- i. periodical financial results of the Company;
- ii. intended declaration of dividends (both interim and final);
- iii. issue of securities or buy-back of securities;
- iv. any major expansion plans or execution of new projects;
- v. amalgamation, mergers or takeovers;
- vi. disposal of the whole or substantial part of the undertaking;
- vii. any significant changes in policies, plans or operations of the Company.

Speculative reports in print or electronic media shall not be considered as published information unless confirmed by the Company, in which case, it will be treated as published information with effect from the date of such confirmation.

9. TRADING WINDOW

The Company shall specify a trading period called "Trading Window" for trading in the securities of the Company. The Trading Window, shall be, inter alia closed at the time of:

- Declaration of Financial results
- Declaration of dividend (interim or final)

- Issue of securities by way of Public / Rights / Bonus etc
- Announcement of any major expansion plans or launching of any major project;
- Amalgamation, mergers, takeovers and buyback
- Disposal of the whole or substantially the whole of the Company's Undertaking
- Any changes in policies, plans or operations of the Company which if published or known, is likely to materially affect the market price of the securities of the Company.

The directors / officers / designated employees / Connected Persons are prohibited from trading in the securities of the Company when the Trading Window is closed.

APPLICABILITY

I. Scope of Coverage

All connected Directors / Officers / Designated Employees and their relatives are governed by this policy.

II. Confidentiality

1. Directors/Officers/Employees shall maintain the confidentiality of all price sensitive information and shall not pass on such information directly or indirectly by way of making a recommendation for purchase or sale of securities.
2. Unpublished price sensitive information shall be handled on a need to know basis. Unpublished Price Sensitive information shall be disclosed only to those within the Company who need the information to discharge their duty.
3. Files containing confidential information shall be kept secure. Computer files must have adequate security of log in and password.
4. Access to any unpublished information, even if not price sensitive must be reported immediately to the Head of the Department, who in turn shall promptly report the same to the Compliance Officer of CEL.

III. Transactions covered

This policy is applicable to transactions in Securities which includes:

- (i) shares, scrip's, bonds, debentures, debenture stock or other marketable securities of a like nature,
- (ii) puts, calls or any other option on Conart's Securities even though they are not issued by Conart,
- (iii) futures, derivatives and hybrids, and
- (iv) such other instruments as may declared to be such by Compliance Officer of the CEL Group , from time to time.

IV. TRADING WINDOW CLOSURE PERIOD

- (1) Directors/Officers/Designated Employees shall conduct their dealings in the securities of the Company only when the Trading Window is open and shall not deal in any

transaction involving the purchase or sale of the securities of the Company when the Trading Window is closed.

Trading Window Closure Period means and includes

- A
- a) In respect of announcement of Financial Results by the Company for 3 quarters other than for Annual Accounts, Trading Window Closure Period would commence from 5th of the month subsequent to close of the respective quarter and would be in force till three clear working days after the announcement of Financial Results for respective quarter.
 - b) In respect of Annual Accounts of the Company, Trading Window Closure period would commence from 5th of the month subsequent to close of the year and would continue till three clear working days after the announcement of the annual results.

No separate intimation will be sent at the start of the Trading Window Closure Period. Exceptions, if any, will be informed separately.

- B.
- (i) The period commencing from the date on which intimation is given by the Company to the Stock Exchanges of the date of the Board Meeting to be held for consideration / approval of the following items mentioned herein below and ending three clear working days after the information is made public:
 - a. Declaration of Dividend (Interim / Final);
 - b. Issue of Securities by way of Public / Right / Bonus etc.;
 - c. Any major expansion plans or execution of new project;
 - d. Amalgamation, takeover and buy back of securities;
 - e. Disposal of the whole or substantially the whole of the undertaking of the Company;
 - f. Any change in policy, plan or operations of the Company that would have a substantial effect on the business or operations of the Company.
 - (ii) Any other period that the Management may specify, from time to time at its sole discretion.

V. **DISCLOSURE REQUIREMENTS**

I. By existing Directors/Officers/Designated Employees and their Dependants;

Every director /officer/designated employee of Conart Engineers Limited shall disclose to the Compliance Officer of CEL.

- i) Their existing holding of securities in the Company and the holdings of their dependants (refer **Annexure "A"** hereto for format of such disclosure) within 15 days of coming into effect of this Code;

- ii) Any change in shareholding of such Securities by such persons, if such change exceeds Rs.5,00,000/- in value or 25000 Securities or 1% of the total Securities of that class in the Company, whichever is lower, within 4 working days of such change (refer **Annexure "B"** hereto for format of such disclosure).
- iii) All the dealings in Securities of the Company Conart of such persons should be disclosed on quarterly basis as at 31st March, 30th June, 30th September and 31st December every year, whether falling within the threshold limit or for which prior clearance is obtained (refer **Annexure "C"** hereto for format of such disclosure) by 15th April, 15th July, 15th October, and 15th January, to the Compliance Officer, Conart Engineers Limited.
- iv) All the dealings in Securities of Conart of such persons should be disclosed on annual basis, as at 31st March every year, whether falling within the threshold limit or for which prior clearance is obtained (refer **Annexure "C"** hereto for format of such disclosure) by 15th April, to the Compliance Officer, Conart Engineers Limited.

II. By new Directors /Officers/Designated Employees:

A Director, Officer or Designated Employee holding any number of Securities in the Company, shall disclose to the Company (refer Annexure "A" hereto for format of such disclosure), the number of Securities held by him/her as also by his/her dependant family members, within 4 working days of his/her becoming an director / officer / Designated Employee of the Company. Such director / officer / Designated Employee shall also make a disclosure if there is any change in his / her holding of such Securities from last disclosure made, if the change exceeds Rs.5 lacs in value or 25000 Securities or 1% of total Securities of that class in the Company, whichever is lower within 4 working days of acquisition or sale of Securities (refer Annexure "B" hereto for format of such disclosure).

III. Disclosure made under Clauses I and II by directors/officers/designated employees to be informed to Stock Exchange

The Compliance Officer shall, within 5 working days of the receipt of intimation from -

- Directors / Officers of their holdings of securities in the Company and changes thereof;
- Designated Employees holding over 5% of the total securities of that class in the Company and changes thereof;

disclose the same to the Stock Exchanges on which its shares are listed with a copy Compliance Officer of Conart Engineers Limited.

VI. PRE-CLEARANCE

- 1 Directors/Officers/Designated Employees and their dependants who intend to deal in Conart's Securities above Rs. 1 lakh in value within a span of 1 month, during the period other than the trading window closure period, shall have to obtain prior permission from the Compliance Officer, Conart Engineers Limited by making an application in the prescribed format along with an Undertaking incorporating the following Clauses. (refer **Annexure "D"**, **"D-1"** and **"D-2"** hereto for format of such application and undertaking):

- a.) That the designated employee /director / officer does not have access or has not received price sensitive information upto the time of signing the Undertaking.
- b.) That in case the designated employee /director / officer has access to or receives price sensitive information after the signing of the Undertaking but before the execution of the transaction, he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- c.) That he/she has not contravened the Code for Prevention of Insider Trading as notified by Conart Engineers Limited, from time to time.
- d.) That he/she has made full and true disclosure in the matter.

However, prior permission will not be required if number of Securities to be traded does not exceed Rs. 1 lakh in value within a span of 1 month.

In case of dealing in Conart's Securities by the designated persons / officers, prior permission from Compliance Officer of Conart Engineers Limited and in case of dealing by Compliance Officer of Conart Engineers Limited, prior permission from Managing Director of Conart Engineers Limited shall be obtained.

2. The transaction for which permission is sought shall be carried out within 7 days after the approval has been obtained. If the order is not executed within one week after the approval is given, the director/officer/designated employee/ Dependent shall pre-clear the transaction again.
3. The Compliance Officer is obliged to respond within 72 hours from receipt of request for approval. In absence of any response from the Compliance Officer within 72 hours, the respective employee can proceed with the transaction. However, the requirement of reporting transaction to the Compliance Officer still remains.

VII. MINIMUM PERIOD FOR HOLDING OF SHARES/ LISTED SECURITIES

1. A Director/Officer/ Designated employee shall hold an investment in equity shares or other listed securities for minimum period of 30 days in order to be considered as being held for investment purposes. The holding period shall also apply to subscription in the primary market (IPO). In the case of IPOs the holding period shall commence when the securities are actually allotted. However, in case of justifiable emergencies, the aforesaid period of 30 days may be waived on an application made in the prescribed format to the Compliance Officer, who in turn, shall get confirmation of the same from Compliance Officer of Conart Engineers Limited and the reasons for such waiver being recorded in writing in that behalf (refer Annexure "E" hereto for format of such application).
2. In case of sale by the Compliance Officer before expiry of 30 days, prior permission from Managing Director shall be obtained.

VIII REPORTING TO THE BOARD

The Compliance Officer shall place before the Managing Director/CEO on a quarterly basis details of all disclosures received and waivers and permissions granted under this Code under intimation to Compliance Officer, Conart Engineers Limited.

IX. PENALTY

- 1 This Code is pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992 and any designated employee/director/officer who contravenes this Code is liable to be penalised and appropriate action will be taken against them by the Company after giving reasonable opportunity to them to explain their stand in the matter. They shall also be subject to disciplinary action including wage freeze, dismissal, ineligibility for future participation in ESOP, forfeiture of benefits, etc.
 - 2 In addition to the action taken by the Company the person violating this Code shall also be subject to action by SEBI as per SEBI Act and Regulations.
 - 3 In case of any violation of any of the provisions of the Regulations, the Compliance Officer shall inform SEBI of the same after intimating Compliance Officer, Conart Engineers Limited of the said violation.
- X. The Managing Director / CEO shall be responsible for intimating to the Compliance Officer of any changes in policies so as to enable him to notify the Designated Employees accordingly.
- XI. The Management has the right to change / amend this Code from time to time at its sole discretion and/or in pursuance of any amendments made in the SEBI (Prohibition of Insider Trading) Regulations, 1992 / 2011.
- XII. The decision of the Compliance Officers / Managing Director shall be final, binding and conclusive and shall not be justifiable in any forum.
- XIII All correspondence with Conart in regard to this Code should be sent to the Compliance Officer and marked "**CONFIDENTIAL**".
- XIV This guideline is not applicable to executives of Group Companies incorporated outside India. However, it is suggested that all the Group Companies incorporated outside India should also adopt similar model guideline and implement the same.

XV General Guidelines for Concerned Persons & Designated Persons

- a) Each Compliance Officer shall collect the relevant information from all respective directors/ officers / designated persons and will send the compilation on a floppy in Excel format to Compliance Officer, Conart Engineers Limited. They will send the compilation as of 31st March, 30th June, 30th September and 31st December every year by the 7th of the following month.
- b) Each director/ officers / designated person, by way of information, should send detail of each transaction, to the Compliance Officer, with value in excess of Rs.1,00,000/- for necessary approval, by 1st week of next month with respect to transactions

executed in previous month. This will be submitted on a regular monthly basis if he/she had done any transaction.

- c) In any case, no person will divulge any unpublished price sensitive information to any person who might trade on such information.
- d) The Compliance Officer and respective executives involved in handling information to comply with this Policy shall not divulge any information in their possession related to shareholding of Group employees, as this is personal information related to an employee and his right of privacy shall not be infringed.
- e) In cases of specific transactions such as merger / amalgamation / take-over etc., it will be the responsibility of the Leader of the Task Force to ensure that no member of Task Force divulges any unpublished price sensitive information to anyone and does not trade on the basis of information available with him. The Leader of the Task Force has to take written oath regarding the same from each member of the Task Force.

XVI. This Code shall be applicable with immediate effect.

Dated this 27th day of July, 2014

THIS POLICY IS ONLY INTERNAL CODE OF CONDUCT OF CONART ENGINEERS LIMITED AND ALL GROUP COMPANIES OF CONART IN INDIA AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. IT WILL BE THE RESPONSIBILITY OF EACH EMPLOYEE TO ENSURE COMPLIANCE OF SEBI GUIDELINES AND OTHER RELATED STATUTES FULLY.

SOME POSSIBLE QUERIES

Q. Would this document be applicable to an employee of the Group like Conart Engineers Limited ?

Ans. It is expected that the entire Group follow the spirit of this document.

Q. Would this document apply to an employee of overseas Group Company?

Ans. Though strictly not applicable, it is expected that employees of overseas Group Companies should follow the spirit of this document, especially employees in the Executive Office of Directors, Unit Heads and Functional Heads.

Q. Can I accept securities of our Group Companies as a gift from my relatives? If yes, would there be any monetary limits for the same?

Ans. The gifts made to you by your relatives out of normal love and affection may be accepted, provided these are not used to circumvent this document. Once you ensure such gifts are not in violation of this document, the monetary limits do not apply. However, you must ensure to report this shareholding to the Designated Person within stipulated time, as defined in this document.

Q. What should I do if I need to urgently sell shares of Company during restricted period or before stipulated lock-in period of one month from date of purchase, due to some financial urgency?

Ans. You may approach the Compliance Officer with specific detailed request. The Compliance Officer will decide on your request, based on the merits of the case.

Q. What are my duties if I receive shares of Company out of a will by some of my relatives/ parents/ children?

Ans. Inheritance of shares by an employee does not require any approval from Compliance Officer. However, you must ensure to report this shareholding to the Designated Person within stipulated time, as defined in the document.

Q. I had sent an intimation to purchase shares of Company for value of Rs.2,00,000/- to the Compliance Officer, but have not received any approval till date. Can I proceed with the purchase transaction?

Ans. As per the policy, the Compliance Officer is obliged to respond to all requests for approval within 48 hours. However, if the applicant does not receive the approval, he may go ahead with the purchase, but shall intimate the Designated Person within three days.

Q. Can I lend my savings against collateral security of shares of Company? What happens if the borrower defaults and his collateral security get forfeited?

Ans. You may lend against collateral security of shares of Company but the reporting requirements will apply as if this is an investment in shares. The same requirements will apply upon forfeiture of collateral security.

Q. What action would be taken against a violating employee?

Ans. The action could range from reprimanding to termination of services, depending on the magnitude of the violation and the decision taken by the Compliance Officer.

Q. If I need any specific clarification on contents of the document, whom should I ask?

Ans. You may refer your queries related to the document to any Designated Person or write your query to the Compliance Officer.