

HPL ELECTRIC & POWER LIMITED

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

[Under regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

1. Introduction

In line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the following Code of Conduct (hereinafter referred to as the "Code") has been adopted by the Board of Directors of the Company.

However, SEBI has amended the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 vide notification dated 31st December, 2018. Therefore the Company's Code stands amended in alignment with the above amendments and will henceforth be called the Company's Code of Conduct to Regulate, Monitor and Report Trading by its Designated Persons and their immediate relatives (the "Code").

The objective of the Code is to regulate, monitor and report trading by its Designated Persons and their immediate relatives towards achieving compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, adopting the minimum standards as set out therein and any amendments thereto.

2. Definitions

In this Code, unless the context otherwise requires:

- (i) **"SEBI Act" or "Act"** means the Securities and Exchange Board of India Act, 1992;
- (ii) **"Regulations"** means the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
- (iii) **"the Company"** means **HPL Electric & Power Limited** ;
- (iv) **"Code"** means this Code of Conduct for regulating & reporting trading by insiders, as modified from time to time;
- (v) **"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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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, -

- (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 SEBI; 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;
- (vi) **“Designated Employees”** means a person occupying any of the following position in the Company and its material subsidiaries:
- (a) All Directors
 - (b) All Key Managerial Personnel
 - (c) All Executive Directors including Chief Vigilance Officer
 - (d) All Officers equivalent or above the rank of General Manager
 - (e) Head of Finance of the Company/ Units/ Division
 - (f) All Employees working in Accounts, finance and taxation department;
 - (g) All employees working in Company Secretariat Department
 - (h) All employees working in Secretariat of CMD/Functional Directors
 - (i) Any other key person, who has access to Unpublished Price Sensitive Information”
- (vii) **“Director”** means a member of the Board of Directors of the Company;
- (viii) **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis;
(Information published on the website of a stock exchange, would ordinarily be considered generally available.)
- (ix) **“Key Managerial Personnel”** or **“KMP”**, in relation to a company means:-
- (a) Managing Director;
 - (b) Joint Managing Directors
 - (c) all Whole-time Directors;
 - (d) Chief Executive Officer (CEO);
 - (e) Chief Financial Officer (CFO);
 - (f) Company Secretary; and
 - (g) such other officer as may be prescribed under the Companies Act, 2013;
- (x) **“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;

- (xi) **“Insider”** means any person who is:
 - i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
- (xii) **Securities:** Securities shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund;
- (xiii) **“Stock Exchange”** means, the Stock Exchange, where the shares of the Company are listed.
- (xiv) **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- (xv) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading where securities of the Company are listed;
- (xvi) **“Trading Window”** means trading period for trading in the Company’s Securities. All days shall be the trading periods except when trading window is closed;
- (xvii) **“Unpublished Price Sensitive Information”** or **“UPS I”** 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, de-listings, disposals and expansion of business and such other transactions;
 - (v) changes in key managerial personnel;

Compliance Officer may decide any other matter also as Price Sensitive Information;

All other words and phrases will have the same meaning as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules & regulations made thereunder shall have the meanings respectively assigned to them in that legislation.

3. Compliance Officer

- a. Company Secretary (in his absence any other officer of the Company designated to act as Compliance Officer) shall be the Compliance Officer for the purpose of the Code.
- b. The Compliance Officer shall report to the Chairman of the Board and shall provide reports to the Chairman of the Audit Committee atleast once in a year.

4. Applicability

In terms of Regulation 9(4) of the SEBI PIT Regulations, the Board of Directors in consultation with the compliance officer hereinbelow specifies the following as “Designated Persons” to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.

The Code applies to the following categories of persons including their ‘immediate relatives’ and persons with whom such designated person(s) share a material financial relationship:-

- Promoters
- Directors
- KMPs (Key Managerial Persons as defined under the Companies Act, 2013)
- Designated Employees

Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions.

Designated Persons shall also be required to disclose Names and PAN (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.

All information which is required to be collected from designated persons, should be collected till date of service of such employees with the company. Upon resignation from service of designated person, a company should maintain the updated address and contact details of such designated person. The company should make efforts to maintain updated address and contact details of such persons for one year after resignation from service. Such data should be preserved by the company for a period of 5 years.

5. Preservation of Unpublished Price Sensitive Information

- a. All Designated Persons shall maintain the confidentiality of unpublished price sensitive information. All information shall be handled within the organization on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider’s legitimate purposes, performance of duties

or discharge of his legal obligations.

- b. Notwithstanding above, all Designated persons shall maintain strictly confidential of the Unpublished Price Sensitive Information in or coming in their possession or control. No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- c. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- d. Notwithstanding anything contained in the Code, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
 - (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
 - (ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.
- e. For the purpose of the above clause, the parties may be required 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 sub-clause (d) above and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.
- f. For the purpose of prompt public disclosure of UPSI, the Company also adopted the Code regarding practice & procedure for Fair Disclosure under regulation 8 of the Regulations.

6. Trading Restrictions

No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.

However, trades pursuant to a "Trading Plan" set up in accordance with Regulation 5 of the SEBI PIT Regulations may be permitted subject to the approval of Trading Plan by the Compliance Officer and public disclosure of it on the Stock Exchanges.

7. Trading Window

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 shall 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.

In other cases, Trading Window will be closed 7 days before the date of Board Meeting related with any item that may give rise to UPSI.

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.

8. Pre-clearance of Trades

- a. All Designated persons and their immediate relatives, who intend to trade in the securities of the company involving the following should pre-clear the transactions as per the pre-trading procedure as described hereunder:
 - ✓ more than 25,000 Securities of the Company, or
 - ✓ a consideration price exceeding Rs. 10,00,000/- for the Securities of the Company, or
 - ✓ a volume of Securities exceeding 1% of total shareholding or voting rights in the Company, or
 - ✓ sale of Securities of the Company before expiry of the holding period prescribed under sub-clause (h) below,
- b. An application shall be made in Form 'PC-I' to the Compliance Officer indicating the estimated number of securities that the Designated persons or their immediate relatives intends to trade in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf. Pre-Clearance Approval Letter shall be made in Form 'PC-II'.
- c. All Designated persons and their immediate relatives shall execute their order in respect of securities of the company within seven trading days after the approval of pre-

clearance is given. If the order is not executed within the aforementioned specified period, the Designated Employee must pre-clear the transaction again.

- d. The Designated persons shall file within 4 (four) days of execution of pre-cleared transaction, the details of such transaction to the Compliance Officers.

In case the Designated persons or his/ her immediate relative decides not to execute the trade after securing pre-clearance, he/ she shall inform the Compliance Officer of such decision along with reasons thereof immediately but not later than 11 (eleven) days from the date of the Pre-clearance Approval Letter .

- e. No Designated persons or his/ her immediate relative shall apply for pre-clearance of any proposed trade when the trading window is closed or if he/ she are in possession of unpublished price sensitive information.
- f. 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.
- g. It shall be the responsibility of Designated persons to ensure compliance of sub-clauses (a) to (d) above in case of their immediate relatives also.
- h. All Designated persons who buy or sell any number of shares of the company shall not execute a contra trade i.e. sell or buy any number of shares during the next six months following the prior transaction. The Compliance Officer may grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the regulations.

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

- i. 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 SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

9. Disclosure Requirements

a. Initial Disclosures

By Whom	What to be disclosed	When to be disclosed	Form
Every Promoter, member of the promoter group, KMP and director to the Company	Holding of securities of the Company as on the date of this Code taking effect i.e. 15.05.2015	Not Applicable	Form prescribed by SEBI
Every person on appointment as a KMP or a director or upon becoming the promoter or member of the promoter group to the Company	Holding of securities of the Company as on date of appointment or becoming Promoter	Within seven days of such appointment or of becoming Promoter	Form prescribed by SEBI

b. Continual Disclosures

By Whom	What to be disclosed	When to be disclosed	Form
Every promoter, member of the promoter group, designated person and director of every company to the Company	Number of such securities acquired or disposed off	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 Rs. 10 lakh or such other value as may be specified. <i>*disclosure of incremental transactions shall be made when transactions effected after the prior disclosure cross the threshold specified above</i>	Form prescribed by SEBI
Company	Details of above disclosure	Within two trading days of receipt of disclosure or becoming aware of such disclosure	Form prescribed by SEBI

c. The disclosures to be made by any person under clause (a) and (b) above shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

d. The Compliance Officer shall maintain records of all the disclosures/ declarations/

undertakings/ forms as mentioned in this Code, as received from time to time, for a period of five years.

13. Institutional Mechanism for Prevention of Insider Trading

The Chief Executive Officer or the Managing Director shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in SEBI PIT Regulations 2015.

Regulations to prevent insider trading

- A. All the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of SEBI PIT Regulations 2015.
- B. Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by SEBI PIT Regulations 2015.
- C. All employees and other persons with whom unpublished price sensitive information is shared with, shall be required to ensure the compliance of SEBI PIT Regulations 2015.

The Audit Committee shall review compliance with the provisions of SEBI PIT Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

10. Penalty for Contravention of the Code

Every designated person and their immediate relatives, to whom the Code is applicable, shall be individually responsible for complying with the provisions of this Code.

Any person who violates the Code, shall, in addition to any other penal action that may be taken against him under any law, also be subject to disciplinary action, including wage freeze, suspension, recovery, clawback etc.

In case it is observed by the Company, that there has been a violation of SEBI PIT Regulations, the Company shall inform SEBI promptly.

11. Formats

- A. **Form PC-I:** For use by Designated Employees and their immediate relatives in case of trading in the securities of Company above minimum limit [Clause 11(b)]
- B. **Form PC-II:** Pre-Clearance Approval Letter [Clause 11(b)]
- C. **Form PC-III:** Format for disclosure of pre-cleared transactions [Clause 11(d)]
- D. **Form PC-IV:** Format for intimation for not deciding to execute/ not execute the pre-cleared transaction [Clause 11(d)]

Form PC-I
(Refer Clause 11(b) of the Code)

Application for Pre-clearance

(For use by Designated Employees and their immediate relatives in case of trading in the securities of Company above minimum limit prescribed under the Code)

To,
The Compliance Officer
HPL Electric & Power Limited.

Dear Sir,

I am desirous of trading in the below-mentioned securities of the Company in my own name or on behalf of my immediate relatives (write name of relative and relationship) and seek your approval as under:

Type of Security	No. of Securities	Market Price (if decided)*	Mode of acquisition Purchase/Sale-physical/Demat/	Date by which trade is proposed to be executed	Folio No./ DP ID No./Client ID No. alongwith the name of depository	Present Holding (No. of Shares)	
						Physical	Demat

** In case of proposed transaction at the market price on stock exchange. Please mention "As per prevailing market price at stock exchange"*

In relation to the above, I undertake that:

- a) I have no access to nor am I in possession of any unpublished price sensitive information at the time of signing this undertaking.
- b) In case, I get access to or receive any "Price Sensitive Information" after signing this application but before the execution of the transaction, I shall inform you of the change in position and shall refrain from trading in shares till such information is made public.
- c) I have not contravened the Company's Code of Conduct for Regulating & Reporting Trading by Insiders and for Fair Disclosure, 2015, as notified by the company from time to time.
- d) In case the traded value exceeds Rs. 10 lakh or any such other value as may be specified, disclosures required under the Code of Conduct will be immediately furnished by me.
- e) I have made full and true disclosure in this application.

Signature:

Name:

Place:

Date:

**Form PC-II
(Refer Clause 11(b) of the Code)**

Pre-Clearance Approval Letter

Date: _____

Sr. no. _____

To

Sub: Pre-Clearance Approval Letter under code of conduct for regulating & reporting trading by insiders

Dear Sir/ Madam

With reference, to your application dated _____ seeking approval for undertaking certain transactions in the securities of the Company, please be informed that you are hereby permitted to undertake the said transaction(s). You may buy/sell not more than _____ number of securities pursuant to this approval letter.

This approval is being issued relying on the various declarations and indemnities made by you in your said application.

This approval letter is valid till _____ (i.e. for 7 days). If you don't execute the approved transaction /deal on or before this date you would have to seek fresh pre-dealing approval before executing any transaction/ deal.

Further, you are required to file the details of the executed transactions in the attached format (Form PC-III) within 4 days from the date of transaction/deal. In case you decide not to execute the trade after securing pre-clearance, you should inform the Compliance Officer of such decision along with reasons thereof immediately but not later than 11 (eleven) days from the date of the Pre-clearance Approval Letter in Form PC-IV.

Yours truly,
For **HPL Electric & Power Limited.**

Compliance Officer

Encl: Format for submission of details of transaction

Form PC-III
(Refer Clause 11(d) of the Code)

Disclosure of pre-Cleared transactions

To,
The Compliance Officer
HPL Electric & Power Limited.

Dear Sir,

Sub: Details of Pre-cleared Transaction(s) done by me

Re: Your Pre-Clearance Approval Letter No. _____ dated _____

Dear Sir/ Madam

This has reference to the captioned matter and Pre-Clearance Approval Letter granted by you. I wish to inform that I have done the following transactions as per following details:

As per Pre-Clearance Approval Letter			Details of transaction made				Remarks, if any
Nature of Transaction (Buy/Sell)	Nature of Securities	No. of Securities	Nature of Transaction (Buy/Sell)	Nature of Securities	No. of Securities	Transaction Value (Rs.)	

In this connection, I undertake to preserve the relevant documents relating to the aforesaid transaction, for a minimum period of five years and produce to the Compliance Officer/ SEBI (if required).

I declare that the above information is correct and that no provisions of the Company's Code of Conduct for prevention of Insider Trading and/or applicable laws have been contravened in relation to conduct or completion of the above transaction(s).

Please contact me on _____ in case you need further information/clarifications.

Yours truly,

Signature:
Name:

Place:
Date:

Form PC-IV
(Refer Clause 11(d) of the Code)

Intimation for not deciding to execute/ not execute the pre-cleared transaction

To,
The Compliance Officer
HPL Electric & Power Limited.

Dear Sir,

Sub: Details of not executed pre-cleared transaction

Re: Your Pre-Clearance Approval Letter No. _____ dated _____

Dear Sir/ Madam

This has reference to the captioned matter and Pre-Clearance Approval Letter granted by you. I wish to inform that due to _____ (mention reason), I will not/ did not carry the pre-cleared transaction in the securities of the Company.

Please contact me on _____ in case you need further information/clarifications.

Yours truly,

Signature:

Name:

Place:

Date: