



LGB FORGE LIMITED

CIN: L27310TZ2006PLC012830

Regd. Off.: 6/16/13 Krishnarayapuram Road, Ganapathy, Coimbatore – 641006.

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

PREAMBLE

- 1.1 LGB Forge Limited (the company) endeavours to preserve the confidentiality of unpublished price sensitive information and to prevent the misuse of such information. The company is committed to transparency, fairness on dealing with all shareholders and in ensuring adherence to all laws, and regulations in force.
- 1.2 The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the **Regulations**), as amended, make it mandatory for every public listed company to lay down a code of conduct to regulate, monitor and report trading by Designated Persons and immediate relatives of designated persons (as defined in the Regulations), in relation to the securities of the company (this “**Code**” or “the **Code**”).
- 1.3 This code is applicable to every designated person of the company (as defined below), their immediate relatives (as defined below) and other connected persons (as defined in the regulations) (together referred to as “**designated persons**”), and each such designated person has a duty to safeguard the confidentiality of all information obtained, including during the course of his or her employment at the company.

1. DEFINITIONS AND INTERPRETATIONS

Definitions

Terms used but not defined herein, shall unless the context requires otherwise have the meaning to them below:

Board or **Board of Directors** means the board of directors of the company or any committee thereof;

Company means LGB Forge Limited;

Compliance Officer shall mean any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal



and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be;

Connected Person means a person as defined in Regulation 2(d) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Designated Persons Means:

- (a) All Directors;
- (b) Promoter and members of Promoter group
- (c) Chief Executive Officer and employees upto two levels below Chief Executive Officer of the company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information
- (d) All employees of the rank of Assistant General Manager and above of the company.
- (e) All employees of the rank of Deputy Manager and above in the Finance and Accounts, Secretarial and Internal Audit function/department;
- (f) All employees of the rank of Deputy Manager/Deputy General Manager of material subsidiaries of the Company;
- (g) Support Staff of the Company such as IT staff and Secretarial Staff who have access to unpublished price sensitive information.
- (h) Any other employee of the company designated by the board of directors in consultation with the compliance officer, from time to time;

Generally Available Information means information that is accessible to the public on a non-discriminatory basis;

Immediate Relative shall have the meaning assigned to it under in Regulation 2(f) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Insider Trading means the use of Unpublished Price Sensitive Information by an Insider to engage in dealing in securities of the company;



Insider means any person who is (a) a “connected person” or (b) any person in possession of or having access to unpublished price sensitive information;

Provided that any person who is in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider”.

Listing Regulations means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof;

Legitimate purposes shall include sharing of UPSI in ordinary course of business by an insider with collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the regulations.

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 during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transaction.

Prohibited Period means the period of time when the trading window is closed and as specified in Clause 5;

Regulations shall mean Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

SEBI means the Securities and Exchange Board of India;

SEBI Act means the Securities and Exchange Board of India Act, 1992, as amended;

Securities shall have the same meaning given to it in the Regulations with respect to the company and shall include shares and derivatives on shares of the company;

Trading shall have the meaning as defined in Regulation 2(1)(l) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Unpublished Price Sensitive Information (UPSI) shall mean the information as defined in Regulation 2(n) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Words and expression used herein and not defined in this Code shall have the meanings respectively assigned to them in Securities and Exchange Board of India Act, 1992 (SEBI), the Securities Contract (Regulation) Act, 1956 (“SCRA”),



the Depositories Act, 1996 or the Companies Act, 2013 (“the Act”) and Rules and Regulations made thereunder.

Singular references to “Designated Person” and other singular expressions in this Code include plural; masculine expressions include feminine and neuter, and vice versa and it also includes entities / Bodies Corporate.

2. COMPLIANCE OFFICER

2.1 The company has designated the Company Secretary as the Compliance Officer. The Compliance Officer shall report to the Board of the company and to the Chairman of the Audit Committee and in particular, shall provide reports annually to the Chairman of the Board of Directors.

2.2 The Compliance Officer shall be responsible for, *inter alia*, the following:

- (a) Compliance of the policies, procedures and codes laid down under the Regulations.
- (b) Monitoring of trades and implementation of the Code under the overall supervision of the Managing Director or Chief Executive Officer, Audit Committee and the Board of Directors.
- (c) Review, approval and public disclosure of trading plan.
- (d) Monitoring implementation of the trading plan.
- (e) Maintenance of records required under the Regulations including (i) the record of designated employees and any changes made in the list of designated employees; (ii) the structured digital database of the persons or entities with whom information is shared and (iii) a record of declarations for a minimum period of five years;
- (f) In consultation with the Managing Director or Chief Executive Officer of the company and as directed by the board, the specification and announcement of a prohibited period;
- (g) Maintenance of a record of Prohibited Periods specified from time to time
- (h) Setting forth policies, procedures, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, approval of the trading plan, Pre-clearing of designated persons, monitoring of Trading and the implementation of this code under the overall supervision of the board.



3 UNPUBLISHED PRICE SENSITIVE INFORMATION

Preservation of Unpublished Price Sensitive Information

3.1 Designated persons shall maintain the confidentiality of all Unpublished Price Sensitive Information and 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.

Need to Know

3.2 All information is to be handled within the company on a “need to know” basis and no Unpublished Price Sensitive Information should be communicated to any person except in furtherance of the legitimate purposes determined in accordance with the Policy, performance of duties or discharge of legal obligations.

Limited access to confidential information

3.3 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc. Files containing confidential information should be deleted/ destroyed after its use. No such related documents should be kept lying at any place accessible to other employees/persons.

3.4 If any designated person wants to cross the “Chinese Wall”, they shall seek permissions from the compliance officer in writing stating the reasons/ justification for doing so. The compliance officer shall require such Designated Person to produce an undertaking that the information will not be shared with any other person except as permitted and neither he/ she nor the person with whom the information is shared or their immediate relatives shall trade in or induce others to trade in the securities of the company.

STRUCTURED DIGITAL DATABASE

The Board of Directors shall ensure that a structured digital database is maintained with the names of such persons or entities, both internal and external, as the case may be with whom information is shared under the regulations.

The database shall contain the following information of such persons/entities including but not limited to

- Permanent Account Number,
- details of immediate relatives



- details of the person with whom they share a material financial relationship,
- contact numbers,
- names of educational institutions from which graduated,
- details of past employers,
- in case of non-availability of Permanent Account Number, then any other identifier authorized by law.

The database shall be maintained with the adequate internal controls and checks such as time stamping and audit trails to ensue non-tampering of the database.

4 PROHIBITION OF INSIDER TRADING

Prohibition

4.1 No Insider shall:

- (a) Trade in securities of the company, either on their own behalf or on behalf of any other person when in possession of any Unpublished Price Sensitive Information; or
- (b) Communicate, provide or allow access to any Unpublished Price Sensitive Information to any person including other insiders except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations.

Trading Plan

4.2 An Insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan and subject to the Regulations.

Provided that such trading plan shall conform with the conditions stipulated in the Regulations.

Trading Restrictions

- 4.3 Designated persons shall not indulge in trading during a prohibited period.
- 4.4 The following events shall trigger a prohibited period, the duration of which shall be in accordance with clause 5.5 below:
 - (a) Declaration of Financial Result;
 - (b) Declaration of Dividends, whether interim or final;



- (c) Issue of securities by way of public issue, rights issue or bonus issue;
 - (d) Acquisition, amalgamation, merger, de-merger, takeover of companies/ businesses, delisting, disposals or expansion of business, new projects or such other transactions in respect of the company;
 - (e) Buy-back and splitting of Securities or any other change in capital structure;
 - (f) Changes in key managerial personnel;
 - (g) Any changes in policies, plans or operations of the company;
 - (h) Material events in accordance with the Listing Regulations.
- 4.5 The prohibited period shall begin from end of every quarter and the trading window shall open 48 hours after the close of the board meeting at which the declaration of financial results is made or decisions in respect of any of the above events are taken or after the information in respect of the above events is made public, whichever is later, or at a later date as may be determined by the compliance officer. The company shall intimate the beginning of the Prohibited Period to all designated persons.
- 4.6 Designated persons shall undertake trading subject to the compliance of the Regulations only when the trading window is open and shall not trade during the prohibited periods or all other periods 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.
- 4.7 The trading window and prohibited period shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising the company.

Pre-Clearance or pre-dealing of trading

- 4.8 Designated persons on their behalf or on behalf of their immediate relatives who intend to undertake trading of equity shares of the Company when the trading window is open and where the market value of the proposed trades exceeds Rs.2,00,000/- in a calendar quarter, shall obtain pre-clearance for the transactions as per the pre-clearance procedure as described below.

Provided that no designated person shall be entitled to apply for pre-clearance of any proposed trade if such designated person is in



possession of unpublished price sensitive information even if the trading window is not closed.

- 4.9 An application for pre-clearance of trading shall be made in **Form I** to the compliance officer.

Provided that the Application shall incorporate, *inter alia*, the following clauses:

- (a) The estimated number of securities that the Designated Person intends to deal 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 the compliance officer;
- (b) An undertaking shall be executed in favour of the compliance officer and the company, by such Designated Person which shall *inter alia* state that the applicant is not in possession of any unpublished price Sensitive information.

Provided further that in case the Compliance Officer or any of his/ her immediate relatives wishes to trade in the securities of the Company, he / she should get the trade pre-cleared by the Managing Director or the Chief Executive Officer.

- 4.10 If the application for pre-clearance has been duly completed the compliance Officer shall grant approval in **Form II**, at his sole discretion, within two [2] working days from the date of application.
- 4.11 Pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.
- 4.12 Within seven trading days of the grant of pre-clearance under clause 5.10, the relevant Designated Person shall complete the proposed transaction in respect of which such approval was granted. If such transaction is not completed within this period, the relevant Designated Person must seek a fresh pre-clearance in accordance with the code.
- 4.13 The Designated Person shall report the information relating to execution of trades and in cases where the transaction has not been undertaken shall report the decision not to trade after securing pre-clearance in **Form III** to the Compliance Officer. The compliance officer shall maintain a record of the reasons provided in relation to the non-execution of trades by designated persons who have secured pre-clearance.



4.14 Designated persons who trade in any Securities of the company shall not execute a contra trade during the next six months following the prior transactions. To the extent permitted under the Regulations, the compliance Officer may, in his discretion, grant relaxations from this restriction for reasons to be recorded in writing provided that such relaxation does not violate the Regulations. In case a contra trade is executed, inadvertently or otherwise, in violation of such restriction, the profits from such trade shall be liable to be disgorged for remittance to the Securities and Exchange Board of India (“SEBI”) for credit to the Investor Protection and Education fund administered under the SEBI Act.

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

5. DISCLOSURES

- 5.1 Designated Persons shall provide a declaration to the Compliance Officer in **Form IV** on an annual basis affirming compliance with this Code and the Code of Practices and procedures for fair disclosure of unpublished price sensitive information.
- 5.2 Designated Persons shall report their level of holdings in the Securities of the Company to the Compliance Officer as on the date of their appointment or on the date of being identified as a designated person in **Form V**.
- 5.3 Designated Persons shall also report their level of holdings in the Securities of the Company to the Compliance Officer on an annual basis in **Form VI**.
- 5.4 Designated Persons shall also make disclosures in **Form VII** to the Compliance Officer within 30 days from
 - i. this amended code coming into effect
 - ii. the end of every financial year and
 - iii. as and when there is any change in the information given in the said disclosure.

Provided that the designated persons shall also provide the following information of their immediate relatives and persons with whom they share a material financial relationship in the said disclosure.



- Name & Permanent Account Number(PAN) or other identifier authorized by law, where there is no PAN;
- Telephone Number,
- Mobile Number;

Provided further that the names of the educational institutions from which the designated person graduated, and the names of their past employers shall also be disclosed on a one-time basis in the said disclosure.

- 5.5 Every person on appointment as a 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 in the format as prescribed by SEBI within 7 days of such appointment or becoming a promoter.
- 5.6 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 in the format as prescribed by SEBI within 2 trading days of such transaction if the value of securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs.10,00,000/- or such other value as may be specified by SEBI.

6 RECORDS OF DISCLOSURES RECEIVED BY THE COMPANY.

- 6.1 The compliance Officers shall maintain records of all declarations (both in physical and electronic form) in the appropriate form made by the designated persons for a minimum period of five years. The compliance Officer shall also maintain a record of the designated employees and any changes made in the list of the designated employees.
- 6.2 The compliance officer shall place before the Audit Committee / Board of Directors on a quarterly basis, all the details of the Dealing in the Securities by designated persons of the company together with the accompanying documents provided by the designated persons in accordance with this Code.



7 INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING (INTERNAL CONTROLS):

7.1 The Chief Executive Officer or Managing Director shall ensure that there is adequate and effective system of internal controls to ensure compliance with the requirements given in the Regulations to prevent insider trading.

7.2 Internal controls include the following:

- All employees who have access to UPSI are identified as Designated employee;
- All UPSI shall be identified and its confidentiality shall be maintained as per the requirements of the Regulations;
- Adequate restrictions shall be placed on communication or procurement of UPSI as required by the Regulations;
- List of employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreements shall be signed, or notice shall be served to all such employees and persons;
- All other relevant requirements of the Regulations shall be complied with.
- Periodic process review to evaluate effectiveness of the internal controls.

8 PROCEDURE FOR DISCLOSURE AND INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF UPSI

Protected Disclosure shall mean written communication made in good faith by any person disclosing information regarding the leak or suspected leak of UPSI. Also, protected Disclosure shall mean an incident wherein there is no written communication made by any person however the leak or suspected leak of UPSI is known publicly.

Procedure for disclosure:

- All Protected Disclosures should be addressed to the Compliance Officer of the Company Officer under a covering letter which shall bear the identity of the person issuing the Protected Disclosure. Identity of the person issuing the protected disclosure must be disclosed in the



covering letter. Anonymous disclosures will not be entertained. The contact details of the Compliance Officer are as under:

The Compliance Officer
LGB Forge Limited
6/16/13, Krishnarayapuram Road,
Coimbatore – 641 006.

If the protected disclosure involved the Compliance Officer/Managing Director, the same shall be sent to the attention of Chairman of the Audit Committee.

Chairman – Audit Committee,
LGB Forge Limited
6/16/13, Krishnarayapuram Road,
Coimbatore – 641 006.

In case the leak or suspected leak of UPSI on which no written communication has been received, then the Compliance Officer / Chairman of Audit Committee, as the situation demands have the power of suo-moto take cognizance of the fact.

- Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or in the local language of the place in which the office/establishment is located.
- The Compliance Officer shall detach the covering letter and discuss the Protected Disclosure with concerned persons as deemed fit, and or forward the Protected Disclosure for investigation / inquiry.
- Protected Disclosures should be factual and not speculative or in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and indicate the urgency of a preliminary investigative procedure.
- If initial inquiries done by the Compliance Officer indicate that the protected disclosure has no basis, or it is not a matter on which an investigation is to be pursued under this Policy, it may be dismissed at this stage and the decision should be reduced in writing and documented.
- Where initial inquiries indicate that further investigation is necessary, this will be carried through either by the Compliance Officer alone, or



by a Committee constituted by the Compliance Officer in consultation with the Managing Director or Chief Executive Officer. In a scenario wherein Managing Director / Compliance Officer is not able to constitute the Committee, then Audit Committee of Board of Directors shall constitute the Committee. The Committee can consist of Members of the Board and / or executives of the Company.

- The investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be forwarded to the Chairman of the Audit Committee / Board of Directors.

9 Procedure for Investigation:

- All Protected Disclosures reported under this Policy will be thoroughly investigated by the Compliance Officer / Committee. In case of suo-moto action by the Compliance Officer or the Chairman of the Audit Committee, the investigation will start thereon.
- Compliance Officer / Committee is required to conduct the process towards fact-finding and analysis. Technical and other resources may be drawn upon as necessary to augment the investigation. The Compliance Officer / Committee has a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.
- The decision to investigate taken by the Compliance Officer/Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion that an improper or unethical act was committed.
- The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- Subjects shall have a duty to co-operate with the Compliance Officer or any of the Investigators during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and



witnesses shall not be influenced, coerced, coached, threatened or intimidated by the Subjects. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- The investigation shall be completed normally within 30 days of the receipt of the Protected Disclosure. However, the Compliance Officer or the Committee shall have the powers to grant or extend time limit wherever it is necessary.
- On submission of report, the Compliance Officer or the Committee shall discuss the matter with Audit Committee who shall either:
 - a. In case the Protected Disclosure/ suo-moto note of incident involving leakage or suspected leakage of UPSI, is proved, accept the findings of the Compliance Officer/ Investigators, take such Disciplinary Action as he/they may think fit and take preventive measures to avoid reoccurrence of the matter; This shall be done in consultation with the Managing Director or Chief Executive Officer, if possible.
 - b. In case the Protected Disclosure /suo-moto note of incident involving leakage or suspected leakage of UPSI is not proved, close the matter;
 - c. Depending upon the seriousness of the matter, Compliance Officer may refer the matter to the Chairman of Audit Committee / Board of Directors with proposed disciplinary action/counter measures like suspension/termination of service/complaint to police etc., as the situation may warrant. The decision of the Audit Committee / Board of Directors is final and binding.

and report the Board promptly about such leaks, inquiries / investigations and results of the inquiries / investigations.



10 INTIMATION TO SEBI

In case it is observed by the Company that there has been a violation of the Regulations, the Company shall inform the Securities and Exchange Board of India promptly.

11 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 Managing Director or Chief Executive Officer. The penalty may include wage freeze, suspension, Recovery, Claw Back, 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.

12 GENERAL

All Designated Persons are advised to review this code and the Regulations carefully and acquaint themselves with all the provisions contained therein. The compliance officer will be available for clarification/ assistance that may be necessary and format for all application, undertaking and disclosure forms are available with the compliance officer.