



## **BALASORE ALLOYS LIMITED**

### **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

#### **A. INTRODUCTION & BACKGROUND**

With a view to regulate the Capital Market and bring transparency and fairness in dealings in securities of the Company by the persons having internal information about the Company, which are considered price sensitive, Security Exchange Board of India (SEBI) has issued SEBI (Prohibition of Insider Trading) Regulations, 1992(hereinafter referred to as “the Regulations”). The said regulation is applicable to all the listed companies.

In order to ensure compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, Balasore Alloys Limited has enacted a code called “Code of Conduct for the Prevention of Insider Trading”.

#### **B. OBJECTIVES OF CODE**

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 code seeks to serve the following objectives:-

- i) To prevent the misuse of any information having impact on the market price of the shares of the Company.
- ii) To ensure the protection and preservation of sensitive information’s about the Company.
- iii) To maintain the confidentiality of the information considered price sensitive.
- iv) To protect the interest of general investors.
- v) To ensure the fairness and transparency in the dealings in securities of the Company by the insiders.
- vi) To obtain disclosure from the insider in respect their trades in the Company’s securities before its execution.
- vii) To prevent an insider either on his own behalf or on behalf of any other person, from dealing in securities of the Company on the basis of unpublished Price Sensitive Information.
- viii) To prevent the communication, counsel or procurement of any price sensitive information to or from any other person.

## C. CODE FOR PREVENTING INSIDER TRADING

- I. **Definitions:** (borrowed from SEBI (Prohibition of Insider Trading) Regulations, 1992).
- a. **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
  - b. **“the Company”** means Balasore Alloys Limited.
  - c. **“Dealing in securities”** means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent.
  - d. **“Insider”** means any person who is or was connected with the company or is deemed to have been connected with the company, and who has received or has had access to such unpublished price sensitive information.
  - e. **“connected person”** means any person who—
    - (i) is a director of the Company; or
    - (ii) occupies the position as an officer or an employee of the Company or holds a position involving a professional or business relationship between himself and the Company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to the Company.

Explanation: — The words “connected person” shall mean any person who is a connected person six months prior to an act of insider trading.
  - f. **“price sensitive information”** means any information which relates directly or indirectly to the Company and which if published is likely to materially affect the price of securities of the Company.

Explanation — The following shall be deemed to be price sensitive information —

    - (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; and
    - (vii) significant changes in policies, plans or operations of the company.
  - g. **“relative”** means a person, as defined in section 6 of the Companies Act, 1956.
  - h. **“unpublished”** means information which is not published by the Company or its agents and is not specific in nature.

- i. **“Trading Window”** means a trading period for trading in the Company’s Securities as specified by the Company from time to time.
- j. **“Designated Employee”** means :-
- every employee in grade O3 and above,
  - every Executive Secretary/ Executive Assistant to every employee in grade M7 and above,
  - every employee in the finance department, accounts department, internal audit & control assurance department and legal department, and
  - such other employee as may be specified by the Compliance Officer to be a designated employee, keeping in mind the objectives of this code of conduct.
- k. **“Dependant”** includes any individual who is wholly or partially dependent on the earnings of the Director, Officer or Employee (as the case may be), whether or not such individual is a relative of such Director, Officer or Employee (as the case may be).
- l. **“Director”** means a member of the Board of Directors of the Company.
- m. **“Employee”** means any employee of the Company (whether working in India or abroad) including a Wholetime Director (as that term may be defined by SEBI from time to time), whose name appears in the register of employees maintained by the Company.
- n. **“Officer”** includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors of the Company or any one or more of the Directors is or are accustomed to act.

All terms used in this document, but not defined above shall have the meanings ascribed to them in the Companies Act, 1956.

## II Code

### 1. **Compliance Officer:**

Mr. Trilochan Sharma, GM & Company Secretary of the Company, shall be the Compliance Officer (“the Compliance Officer”) for the purpose of this Code. The Compliance Officer shall report to the Managing Director/Joint Managing Director of the Company.

Mr. MD. Shahnawaz shall act as interim Compliance Officer in absence of Compliance officer, whether the absence is caused by temporary absence and in case of resignation of the compliance officer, till successor is named.

## **2. Role of Compliance Officer:**

- a) The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", grant of pre-dealing approvals for directors'/officers'/ designated employees' and their dependents' dealings in the Company's Securities, monitoring of such dealings and the implementation of this Code under the overall supervision of the Board of Directors.
- b) The Compliance Officer shall maintain a record of the Designated Employees and of any changes made in the list of Designated Employees (please refer Annexure 2)
- 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 and this Code.

## **3. Responsibilities of Directors, Officers and Employees:**

### **a. Preservation of Price Sensitive Information(PSI)**

All Directors, Officers and Employees shall maintain strictly confidential all Price Sensitive Information ("PSI") in or coming in their possession or control. To this end, no Director, Officer or Employee shall:

- (i) pass on PSI to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities, or
- (ii) disclose PSI to family members, business acquaintances, friends or any other individual, or
- (iii) discuss PSI in public places where others might overhear, or
- (iv) disclose PSI to any Employee who does not need to know the information to do his or her job, or
- (v) recommend to anyone that they buy or sell the Company's Securities while being in possession, control or knowledge of PSI, or
- (vi) give others the perception that he/she is trading on the basis of unpublished PSI.

### **b. Need to Know**

Unpublished PSI is to be handled on a "need to know" basis, i.e., unpublished PSI should be disclosed only to those within the Company who need the same to discharge their duty and whose possession of PSI will not give rise to a conflict of interest or appearance of misuse of the information. All non-public information directly received by any Employee should immediately be reported to the head of the department.

c. Limited access to confidential information

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word etc. Without prejudice to the above, the Directors, Officers and Employees shall follow such guidelines for maintenance of electronic records and systems as may be prescribed by the Compliance Officer from time to time after consultations with the person in charge of the Information Technology function.

**4. Trading Window:**

All Directors / officers and designated employees of the Company shall be subject to the trading restrictions as enumerated below.

- a. The Company shall specify a trading period, to be called "Trading Window", for dealing in the Securities of the Company by the designated employees of the Company.
- b. Unless otherwise specified (please refer Annexure 3) by the Compliance Officer, the trading window shall be, inter alia, closed 7 days prior to :-
  - ⓐ declaration of Financial results (quarterly, half-yearly and annual),
  - ⓑ declaration of dividends (interim and final),
  - ⓒ issue of securities by way of public/ rights/bonus etc.,
  - ⓓ any major expansion plans or execution of new projects,
  - ⓔ amalgamation, mergers, takeovers and buy-back,
  - ⓕ disposal of whole or substantially whole of the undertaking, and
  - ⓖ any changes in policies, plans or operations of the company.
- c. The trading window shall remain closed during the time the Price Sensitive Information remains un-published.
- d. The trading window shall be opened 24 hours after the information referred to in above para is made public.
- e. All Directors, Officers and Designated Employees shall conduct all their dealings in the Securities of the Company only when the trading window is open and no Director, Officer or Employee of the Company shall deal in the Securities of the Company during such period when the trading window is closed or during any other period as may be specified by the Compliance Officer from time to time.
- f. In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of Securities allotted on exercise of ESOPs shall not be allowed when trading window is closed. However, exercise of a "cashless" stock option shall not be allowed when the trading window is closed since this type of exercise requires a sale of the Company's Securities.

## **5. Pre-clearance of Deals in Securities:**

### **a. Applicability**

Every Director, Officer and Designated Employee who (or who's dependent) intends to deal in the Securities of the Company by way of a transaction involving:

- more than 5,000 Securities of the Company, or
- a consideration price exceeding Rs. 5,00,000/- 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 Clause 5.e below,

should obtain a pre-dealing approval for the transactions as per the procedure described hereunder. This is mandatory irrespective of whether or not a trading window is open.

### **b. Procedure for obtaining pre-clearance**

For the purpose of obtaining a pre-dealing approval, the concerned Director/Officer/Designated Employee should make an application in the prescribed form (please refer Annexure 4) to the Compliance Officer. Such application should be complete and correct in all respects and should be accompanied by such undertakings, declarations, indemnity bonds and other documents/papers as may be prescribed by the Compliance Officer from time to time.

### **c. Approval**

- i. The Compliance Officer shall consider the application made as above and shall approve it unless he is of the opinion that grant of such approval would result in a breach of the provisions of this Code, or the Regulations or the Companies Act, 1956.
- ii. Every approval letter shall be in such format (please refer Annexure 5) as may be prescribed by the Company from time to time. Every approval shall be dated and shall be valid for a period of 7 calendar days from the date of its issue.

**d. Completion of Pre-cleared Dealing**

- i. All Directors, Officers and Designated Employees shall ensure that they complete execution of every pre-cleared deal in the Company's Securities as above within 7 calendar days from the date of the approval and furnish, within 4 days of execution of deal, the details of such deal with the Compliance Officer in the prescribed format (please refer Annexure 6)
- ii. If a deal is not executed within 7 calendar days as above, the Director, Officers and Designated Employees must apply to the Compliance Officer for pre clearance of the transaction once again.

**e. Holding Period to consider the securities as being held for investment**

All Directors, Officers and Designated Employees shall hold their investments in Securities for a minimum period of 30 days in order to be considered as being held for investment purposes. In case the sale of Securities is necessitated by personal emergency, the holding period may be waived by the Compliance officer after recording in writing his/her reasons in this regard.

**f. Advice regarding Pre-Clearance**

In case of doubt, the Directors, Officers and Designated Employees shall be responsible to check with Compliance Officer or one of the contact persons, as designated by the Compliance Officer from time to time, whether the provisions of this Clause 5.a are applicable to any particular proposed transaction in the Company's Securities.

**6. Reporting Requirements for Transactions in Securities:**

- a. In addition to complying with the reporting requirements as prescribed under other clauses of this Code, all Directors, Officers and Designated Employees of the Company shall file with the Compliance Officer, inter alia, the following details of their/their dependents' holdings and /or dealings in the Securities of the Company to the Compliance Officer, within 7 working days of the respective dates:
  - i. as on the date of joining the Company, (please refer Annexure 1),
  - ii. half yearly statements of all holdings in Company's Securities as on 30<sup>th</sup> September every year,
  - iii. annual statements of all holdings in Company's Securities as on 31<sup>st</sup> March every year, in such formats/manner (please refer Annexure 7) as may be prescribed by the Compliance Officer from time to time.
- b. The Compliance Officer shall maintain records of all the above declarations in the appropriate form for a minimum period of three years from the date of filing thereof.

- c. The Compliance Officer shall place before the Joint Managing Director / Chief Financial Officer, on a monthly basis, all the details of the dealings in the Securities of the Company done by Directors, Officers and Designated Employees of the Company together the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged above.

## **7. Penalty for Contravention**

- a. Every Director, Officer and Employee is individually responsible for complying with the applicable provisions of this Code (including his/her dependents to the extent the provisions hereof are applicable).
- b. Employees, Officers and Directors of the Company who violate this Code shall, in addition to any other action taken by the Company pursuant to law, also be subject to disciplinary action by the Company, which may include fine/penalty, wage freeze, ineligibility for future participation in employee stock option plans, suspension, termination, etc. Such disciplinary action by the Company shall not preclude SEBI from taking any action for violation of SEBI (Prohibition of Insider Trading), Regulations, 1992 or any other applicable laws/rules/regulations ( Note - 1).
- c. In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company/ Compliance Officer shall also inform SEBI about the same and the Employees, Officers and Directors involved in any such violation shall provide all information and co-operation as may be required by the Company or SEBI in this connection.

## **8. Enquiries**

For any questions regarding whether they have PSI, the Directors, Officers and Employees may contact their respective supervisors. For any questions concerning this Code, the Directors, Officers and Employees may also call Mr. Trilochan Sharma, Company Secretary (Tel: 033-22292777, 033-30265055, Email: trilochan\_sharma@ispatind.com).



**PENALTY FOR INSIDER TRADING UNDER SEBI ACT, 1992**

According to section 15G of the SEBI Act, 1992 if any insider who:

- a. either on his own behalf or own behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or
- b. communicate any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or
- c. counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty of Rs. 25 (Twenty-Five) crore or three times of the profit made out of the insider trading, whichever is higher.

**FORM FOR DISCLOSURE OF PARTICULARS BY  
DIRECTOR/ OFFICERS/ DESIGNATED EMPLOYEES**

To,  
Mr. Trilochan Sharma, GM & Compliance Officer,  
Balasore Alloys Limited  
Park Plaza, 71, Park Street, Kolkata- 700 016

Name of the Director/ Officer/Employee			
Employee No.		Grade	
Department		Location	

**Declaration**

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, I declare that I have the following dependents:

Sr. No.	Name of Dependent	Relationship with Director/ Officer/Designated Employee
1.		
2.		
3.		
4.		
5.		
6.		

I further declare that I and my above mentioned dependents collectively hold \_\_\_\_\_ shares of Balasore Alloys Limited as follows:

Name of Holder *	<i>Physical Holdings</i>			<i>Electronic Holdings</i>		
	<i>Folio No.</i>	<i>Cert. No.</i>	<i>Total holdings</i>	<i>DP ID</i>	<i>Client ID</i>	<i>Total holdings</i>

\* Include holdings where Director/ Officer/ Designated Employee or dependant is a joint holder.

I hereby undertake to promptly inform you about any changes in the above details.

Date: \_\_\_\_\_

Sign: \_\_\_\_\_

Place: \_\_\_\_\_

Name: \_\_\_\_\_

**Note: Pl. do not submit through electronic mail.**



**DRAFT OF E-MAIL FOR INTIMATING CLOSURE OF TRADING WINDOW**

**Subject:** Urgent – Window Closing Notice (Insider Trading Restrictive period)

Dear All Directors, Employees of BAL,

The Board meeting for approving \_\_\_\_\_ shall be held in the \_\_\_\_\_ week of \_\_\_\_\_ 2008.

In view of this, as per the Company's Code of Conduct for prevention of Insider Trading, I request all of you to refrain from trading in the Company's shares with immediate effect till the expiry of 24 hours after the public announcement of \_\_\_\_\_ is made.

Any contravention of the above will be offence under the SEBI Act, 1992 Regulations and punishable with a penalty of Rs. 25 (Twenty-Five) crore or three times of the profit made out of the insider trading, whichever is higher.

I request all of you to go through the Company's Code of Conduct for prevention of Insider Trading which is available on the Intranet.

In case you have any doubts, please contact me (Tel: 033-22292777, Email: [trilochan\\_sharma@ispatind.com](mailto:trilochan_sharma@ispatind.com)).

Thanks for your co-operation in this regard,

**For Balasore Alloys Limited**

***Trilochan Sharma***  
**GM & Company Secretary**

**APPLICATION FOR PRE - DEALING APPROVAL**

To,  
 Mr. Trilochan Sharma,  
 Compliance Officer,  
 Balasore Alloys Limited  
 Park Plaza  
 71, Park Street,  
 Kolkata - 700 016

Dear Sir,

*Subject: Application for Pre-Dealing Approval*

My personal details are as under:

Name of the Employee/Director			
Employee No.		Grade	
Department		Location	

I and my dependents propose to buy/sell \_\_\_\_\_ equity shares of the Company as under:

<i>Nature of Transaction (Whether "Buy" or "Sell")</i>	<i>Name of Proposed Buyer/Seller</i>	<i>No. of Equity Shares to be Bought/Sold</i>	<i>*Date of Purchase/ allotment</i>

\* applicable if application is to sell the Company's shares

I hereby declare that neither me nor my dependents are in possession of or otherwise privy to unpublished Price Sensitive Information (as defined in the Company's Code of Conduct for prevention of Insider Trading).

I further declare that I have disclosed all unpublished Price Sensitive Information in possession/knowledge to the head of my department.

I am aware that I shall be liable to face penal consequences as set forth in the Company's Code of Conduct for prevention of Insider Trading, in case the above declarations are found to be false or incorrect at any time.

I hereby indemnify the Company and its Directors from and against any penalties imposed on them by the Securities and Exchange Board of India and/or any other statutory authorities as a result of violation of the SEBI (Prohibition of Insider Trading) Regulations 1992 and the Company's Code of Conduct.

Yours faithfully,

\_\_\_\_\_  
 (Signature)  
 Date: \_\_\_\_\_

PRE-DEALING APPROVAL LETTER

Date: \_\_\_\_\_  
Sr. no. \_\_\_\_\_

To  
Name : \_\_\_\_\_  
Emp No. : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Location : \_\_\_\_\_

*Subject: Pre-Dealing Approval –Securities of Balasore Alloys Limited*

With reference, to your application dated \_\_\_\_\_ seeking approval for undertaking certain transactions in the equity shares of the Company, please be informed that you are hereby permitted/not permitted\* to undertake the said transaction(s).

You may buy/sell in not more than \_\_\_\_\_ equity shares of the Company 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 within 4 days from the date of transaction/deal. #

Yours truly,

*For Balasore Alloys Limited*

*Trilochan Sharma*

**GM & Company secretary  
Compliance Officer**

*Encl: Format for submission of details of transaction*

\* Strike-out whichever is not applicable

# Strike-out the paragraph in case permission is refused

FORMAT FOR DISCLOSURE OF PRE-APPROVED TRANSACTIONS  
(To be submitted within 4 days of transaction/deal)

Date: \_\_\_\_\_

To  
Mr. Trilochan Sharma  
Compliance Officer  
Balasore Alloys Limited  
Park Plaza  
71, Park Street  
Kolkata - 700 016

Dear Sir,

**Subject: Details of Pre-approved Transaction**

**Ref: Your Approval letter No.** \_\_\_\_\_

This is to inform you that I/my dependents have bought/sold \_\_\_\_\_ equity shares of the Company. Thus I/my dependents have duly completed the transaction(s) in the equity shares of the Company as approved by you vide your above said approval letter.

In this connection, I undertake to preserve for a period of 3 years and produce to the Compliance Officer/ SEBI any of the following documents:

1. Broker's contract note
2. Proof of payment to/from brokers
3. Extract of bank passbook/statement (to be submitted in case of demat transactions)

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,

Sign : \_\_\_\_\_

Name : \_\_\_\_\_

Emp No : \_\_\_\_\_

Location : \_\_\_\_\_

**FORMAT OF HALF-YEARLY/ ANNUAL STATEMENTS OF HOLDINGS BY  
DIRECTOR/ OFFICER/EMPLOYEES AND THEIR DEPENDANTS**

To  
Mr. Trilochan Sharma  
Compliance Officer  
Balasore Alloys Limited  
Park Plaza  
71, Park Street  
Kolkata - 700 016

Dear Sir,

**Subject: Statement of Shareholdings in Balasore Alloys Limited**

As on 31<sup>st</sup> March \_\_\_\_\_/30<sup>th</sup> September \_\_\_\_\_, I and my dependents hold an aggregate of \_\_\_\_\_ equity shares in Balasore Alloys Limited, details whereof are as under:

Name of Holder	<i>Physical Holdings</i>			<i>Electronic Holdings</i>		
	<i>Folio No.</i>	<i>Cert. No.</i>	<i>Total holdings</i>	<i>DP ID</i>	<i>Client ID</i>	<i>Total holdings</i>

Yours truly,

Sign : \_\_\_\_\_

Name : \_\_\_\_\_

Emp. No. : \_\_\_\_\_