

HAVELLS INDIA LIMITED

POLICY for Prohibition of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 1992

The Concept

The **SEBI (Prohibition of Insider Trading) Regulations, 1992** have been devised by the **Securities and Exchange Board of India to deter the practice of Insider Trading in the shares** of listed companies. The objective is to make for a level playing field for the company employees and the outside investors in the securities thereby ensuring transparency and fair play in securities' transaction(s). SEBI seeks to achieve this objective through barring insiders of a listed company to deal in its securities, while in possession of unpublished price sensitive information.

'Insider' covers in its ambit

- Any person who is or was or deemed to be connected with the Company and who is reasonably expected to have access to unpublished price sensitive information
- Any person who has received or has had access to unpublished price sensitive information

Insider Trading thus refers to a practice whereby a person's access to confidential (inside) and non-published (advance) information gives him an unfair advantage over others in the trading of a company's securities.

Combating Insider Trading

Trading on inside information at the expense of outside investors is regarded as injustice to outside investors and to curb that, Regulation 12 requires all listed companies to develop their own code of conduct for prevention of insider trading, in a manner as near thereto the Model Code of Conduct as prescribed in the subject regulations.

The Company has therefore framed a Policy for Prohibition of Insider Trading, the text of which is produced below:

APPLICABILITY

The policy is applicable to the following categories of persons **including their dependant family members** i.e. Spouse, Unmarried Children, Father & Mother:

- all **Directors** of the Company
- Officers including **Company Secretary**
- **Designated Employees***
- the **Statutory Auditors** of the Company

***DESIGNATED EMPLOYEES**

- All officers comprising the top three tiers of the Company's Management i.e. **Presidents, Vice Presidents and General Managers**
- All the **Accounts and Finance Personnel** of the Company at Head Office as well as the **Finance Heads** of all the units

COMPLIANCE OFFICER

The Company Secretary of the Company shall act as the Compliance Officer of the Company for the purposes of these Regulations and is responsible to comply with the provisions as contained herein. The Compliance officer shall be under the overall supervision of the Board of Directors and shall report to Shri Rajesh Gupta, Director (Finance) of the Company.

PRICE SENSITIVE INFORMATION or UNPUBLISHED PRICE SENSITIVE INFORMATION ('PSI')

- ◆ Periodical financial results of the Company
- ◆ Intended declaration of dividends
- ◆ Issue of securities or buy back of securities
- ◆ Major expansion plans or execution of new projects
- ◆ Amalgamation, mergers or takeovers
- ◆ Disposal of the whole or substantial part of the undertaking
- ◆ Any significant changes in policies, plans or operations of the Company
- ◆ Such other information as may affect the earnings of the Company

PROHIBITION ON DISCLOSURE OF PSI

The Directors/ Officers/ Designated Employees/ Statutory Auditors shall maintain the confidentiality of all 'Price Sensitive Information' (PSI) and shall not disclose or communicate or counsel or procure directly or indirectly the PSI to any person (except sharing of information by the nominee directors with their nominating authorities) until the same is made available to the general public. The Directors/ Officers/ Designated Employees, when in possession of PSI shall not buy/ sell securities of the Company either on their own behalf or on behalf of any other person.

TRADING WINDOW - TRADING PERIOD AND TRADING LIMIT

All the Directors / Officers/ Designated employees (as well as the dependants of all three categories) shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the period when the trading window is closed.

- ◆ Trading Window shall be closed 7 days before the date of Board Meeting related with any item of the PSI. Trading window shall open 24 hours after the PSI is published or made available to the general public.
- ◆ There is no restriction for trading of securities of value for less than Rs.5,00,000/- or less than 25,000 in no., whichever is lower, of shares during a valid trading window.
- ◆ All the Directors/ Officers/ Designated Employees and their dependants who intend to deal in shares (not less than 25,000 shares in no. or Rs.5,00,000/- in value, in one financial year) should get **prior-clearance** of the transaction as per the procedure:
 1. Application to the Compliance Officer or in case the applicant is Compliance Officer himself, to the Chairman in the prescribed format (see **Annexure 1**).
 2. **Undertaking** (see **Annexure 2**) executed by Directors/ Officers/ Designated Employees in favour of the Company stating that:
 - he/ she does not have access to or received PSI upto the time of signing the undertaking
 - that in case he/ she has access to or receives PSI after signing the undertaking but before execution of transaction, he/ she shall inform the Compliance Officer forthwith and refrain from dealing in securities till the PSI becomes public

- he/ she has not contravened the provisions of the Code on PIT
 - he/ she has made full disclosure in the matter
3. Execution of order within one week i.e. 7 days of the permission, else fresh clearance will be required.
- ◆ In all cases, Directors/ Officers/ Designated Employees who buy or sell any no. of shares of Company shall not enter into an opposite transaction i.e. sell or buy any no. of shares within 6 months following a prior transaction. The Directors/ Officers/ Designated Employees shall also not take positions in derivative transactions in the shares of the Company at any time.

In case sale of securities is necessitated by personal emergency, the holding period may be waived by Compliance Officer after recording in writing the reasons in this regard.

The Compliance Officer of the Company shall disclose the information regarding the closure and open of Trading Window to the concerns from time to time.

DISCLOSURES

BY WHOM?

- ◆ Any **PERSON who holds MORE THAN 5%** shares in the Company
- ◆ **DIRECTOR(S) / OFFICER (S)** of the Company including the **Company Secretary**
- ◆ **DESIGNATED EMPLOYEE** of the Company i.e. Employees of the level **General Manager & above + all Accounts and Finance personnel at HO and Finance Heads of all units**

APPLICABLE WHEN?

INITIALLY

- ◆ **At the time of being APPOINTED**

TIME FRAME: Within **2 WORKING DAYS** of the Disclosure becoming applicable.

FORMS / CONTENTS of INITIAL DISCLOSURES

- For persons with more than 5% shareholding, **FORM A** (see **Annexure 3**), stating the no. of shares held
- For Directors / Officers including Company Secretary, **FORM B** (see **Annexure 4**), stating the no. of shares held and the position taken in derivatives
- For Designated Employees, **FORM B1** (see **Annexure 5**), stating the no. of shares held

CONTINUALLY

- ◆ **UPON CHANGE in shareholding** as disclosed initially AND such change is of the character as described below for respective categories
- ◆ In case person who holds more than 5% of the shares, if there is a change (+/-) of **MORE THAN 2%** of the total shareholding in the Company

- ◆ In case of a Director/ Officer, if there is change (+/-) in HIS shareholding OR HIS DEPENDANTS' shareholding such that the CHANGE EXCEEDS Rs. 5 LACS IN VALUE/ 25000 SHARES/ 1% OF TOTAL SHAREHOLDING, WHICHEVER IS LOWER
- ◆ In case of Designated Employee, whenever a pre-cleared transaction is carried out i.e. of the value of 5 lacs in value/ 25000 shares

TIME FRAME: Within **2 WORKING DAYS** of the change in shareholding,

FORMS / CONTENTS of CONTINUAL DISCLOSURES

- For persons with more than 5% shareholding, **FORM C** (see **Annexure 6**)
- For Directors / Officers including Company Secretary/ Designated Employees, **FORM D** (see **Annexure 7**)

- ❖ The CONTINUAL disclosure as made by the Directors/ Officers including Company Secretary, to the Company is **also to be made to the STOCK EXCHANGES** where the Company's shares are listed.

ANNUALLY

- ◆ At the time of every financial year ending 31st March.

TIME FRAME: Within **30 DAYS** of the close of financial year

FORM FOR ANNUAL DISCLOSURES

For persons with more than 5% shareholding, Directors / Officers and Designated Employees, **FORM E** (see **Annexure 8**)

PENALTY FOR CONTRAVENTION

Every person, to whom the Policy is applicable, shall be individually responsible for complying with the provisions of this policy (including to the extent the provisions hereof are applicable to his/ her dependants).

Any person who violates the Policy, shall, in addition to any other penal action that may be taken against him under any law, also be subject to disciplinary action by the Company.

ANNEXURES

1. **Format for application for pre-clearance of trades of the value – Rs. 5,00,000 or 25,000 shares, whichever is lower**
2. **Format of Undertaking that accompanies the above application for pre-clearance**
3. **FORM A u/r 13(1) - Initial Disclosure by person holding more than 5% shares**
4. **FORM B u/r 13(2) - Initial Disclosure by Director(s) / Company Secretary as well as their dependants**
5. **FORM B1 Company - Initial Disclosure by Designated employees i.e. GM & above+ all Accounts and Policy Finance personnel at HO and Finance Heads of all units**
6. **FORM C u/r 13(3) - Change in shareholding of more than 2% of the total paid-up share capital by person holding more than 5% shares**
7. **FORM D u/r 13(4) - Change in shareholding of the character 5 Lacs in value/ 25000 shares/ 1% of total shareholding, whichever is lower, by Director(s) / Company Secretary and + Company Statement of Holdings after dealing in pre-cleared transaction, by Designated Policy Employees**
8. **FORM E Company - Annual Disclosure by Director(s) / Officers/ Designated employees i.e. GM & Policy above + all Accounts and Finance personnel at HO and Finance Heads of all units**

ANNEXURE 1

APPLICATION FOR PRE-CLEARANCE OF TRADES

To
The Compliance Officer
Havells India Limited

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Company's Policy for Prohibition of Insider trading, I seek approval for purchase/ sale/ subscription of the securities of the Company as detailed below:

Name	Designation	No. of shares held (with Folio/ DP ID/ Client ID)	Nature of transaction for which approval is sought	No. of shares to be dealt

I hereby enclose the form of undertaking signed by me.

Signature

Date

Footnotes:

1. No application for pre-clearance can be made during closure of trading window; neither any pre-cleared transaction can be carried out during closure of trading window.
2. Pre-clearance required whenever Director(s)/ Officer(s)/ Designated Employee(s) intend dealing in its securities of the of value Rs. 5,00,000 or 25,000 shares.
3. Pre-cleared order must necessarily be executed within 7 days of approval.
4. A statement of holdings to be furnished in **Form D** after dealing in pre-cleared transaction.

ANNEXURE 2

UNDERTAKING TO BE EXECUTED AT THE TIME OF APPLYING FOR PRE-CLEARANCE

To
The Compliance Officer
Havells India Limited

I, _____, s/o _____, r/o _____, hereby declare that I am a Director/
Employee (state designation) of Havells India Limited.

I further declare that I am not in possession of or otherwise privy to any unpublished price sensitive information upto the time of signing this undertaking.

In case I have access to or I receive any price sensitive information after signing this undertaking but before execution of the transaction, I shall inform the Compliance Officer of the change in my position and I would completely refrain from dealing in the securities of the Company till the time such price sensitive information becomes public.

I declare that I have not contravened the Company Policy on prohibition of Insider Trading.

I declare that I have made full disclosure in the matter

Signature

Date

ANNEXURE 3

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(1) and (6)]

Regulation 13(1) - Details of acquisition of 5% or more shares in a listed company

<i>Name, PAN No. & address of share- holder with telephone number</i>	<i>Shareholding prior to acquisition</i>	<i>No. and percentage of shares/voting rights acquired</i>	<i>Date of receipt of allotment/advice. Date of acquisition (specify)</i>	<i>Date of intimation to Company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ pre- ferential offer etc.)</i>	<i>Share- holding sub- sequent to acquisition</i>	<i>Trading member through whom the trade was executed with SEBI Registra- tion No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

Signature

Date

ANNEXURE 4

FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(2) and (6)]

Regulation 13(2)—Details of shares held or positions taken in derivatives by Director or Officer of a listed company and his dependents

<i>Name, PAN No. & Address of Director/ Officer</i>	<i>Date of assuming office of Director/ Officer</i>	<i>No. & % of shares/voting rights held at the time of becoming Director/ Officer</i>	<i>Date of intimation to company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

Note: The above table shall be applicable with suitable modifications to disclosures for position taken in derivatives also.

Signature

Date

ANNEXURE 5

FORM E

INITIAL DISCLOSURE OF DETAILS OF SHARES HELD BY DESIGNATED EMPLOYEES* AND THEIR DEPENDANTS

To
The Compliance Officer
Havells India Limited

I. Details of shareholding of Designated Employee held in his / her own name

Name	Designation	Date of becoming Designated Employee	No. of shares held	Date of Acquisition	Folio no. / DPID/ Client ID

II. Details of shares held by the dependant family members

Name of Relative	Relationship	No. of shares held	Folio No/ DPID/ Client ID

Signature
Date

***DESIGNATED EMPLOYEE** means employee of the level General Manager & above + all Accounts and Finance personnel at HO and Finance Heads of all units.

ANNEXURE 6

FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(3) and (6)]

Regulation 13(3) — Details of Change in shareholding of more than 2% of the total paid-up share capital, in respect of person holding more than 5% shares in a listed company

<i>Name, PAN No. & Address of Shareholders</i>	<i>Share-holding prior to acquisition/sale</i>	<i>No. & % of shares/ voting rights acquired/sold</i>	<i>Receipt of allotment advice/ acquisition of shares/ sale of shares specify</i>	<i>Date of intimation to company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)</i>	<i>No. & % of shares/ voting rights post-acquisition/sale</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>	<i>Sell quantity</i>	<i>Sell value</i>

Signature

Date

ANNEXURE 7

FORM D

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

[Regulation 13(4) and (6)]

Regulation 13(4) — Details of change in shareholding of Director or Officer of a Listed Company and his dependents where the change is of the character 5 Lacs in value/ 25000 shares/ 1% of total shareholding, whichever is lower

+

Statement of Holdings after dealing in pre-cleared transaction, by Designated Employees

<i>Name, PAN No. & Address of Director/ Officer</i>	<i>No. & % of shares/ voting rights held by the Director/ Officer</i>	<i>Date of receipt of allotment advice/ acquisition/ sale of shares/ voting rights</i>	<i>Date of intimation to company</i>	<i>Mode of acquisition (market purchase/ public/ rights/ preferential offer etc.)</i>	<i>No. & % of shares/ post acquisition/ voting rights sale</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>	<i>Sell quantity</i>	<i>Sell value]</i>

Signature

Date

ANNEXURE 8

FORM F

ANNUAL STATEMENT OF HOLDINGS BY DIRECTORS/ OFFICERS/ DESIGNATED EMPLOYEES AND THEIR DEPENDANTS

To
The Compliance Officer
Havells India Limited

I. Annual Statement of shareholdings of Directors/ Officers/ Designated Employees

Name	Designation	Department	No. of shares held on 1 st April, 09	No. of shares bought / (Sold) during the Period	Date of Purchase / (Sold) during the Period	No. of shares held on _____, 2010	Folio No./ DP ID/ Client ID

II. Details of shares held by the dependant family members.

Name	Relationship	No. of shares held on 1 st April, 09	No. of shares bought / (Sold) during the Period	Date of Purchase / (Sold) during the Period	No. of shares held on _____, 2010	Folio No./ DP ID/ Client ID

Signature
Date