

# JYOTI CNC AUTOMATION LIMITED

## Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons

### 1. Introduction:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015 and Amendment Regulations, 2018, the Board of Directors of the Company has approved this new Code of Conduct to regulate, monitor and reporting of Trading in Company's Securities by Insiders. This Code replaces the existing Code of Conduct for Prevention of Insider Trading.

### 2. Definitions

2.1. "**Act**" means the Securities and Exchange Board of India Act, 1992.

2.2. "**Board**" means the Board of Directors of the Company.

2.3. "**Code**" or "Code of Conduct" shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of JYOTI CNC AUTOMATION LIMITED as amended from time to time.

2.4. "**Compliance Officer**" means:

The Company Secretary of the Company, appointed in terms of provisions of the Companies Act 2013 is appointed as the Compliance Officer, 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of this code under the overall supervision of the Board of Directors of the Company.

The Compliance officer 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of this code under the overall supervision of the Board of Directors of the Company.

2.5. "**Connected Person**" means:

I. Any person who is or has during the six months prior to the concerned act, been associated with the 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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. banker of the Company; or

- e. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a Director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.
- 2.6. "**Employee**" means every employee of the Company (whether working in India or abroad) including the Directors in the employment of the Company.
- 2.7. "**Financially Literate**" shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows."
- 2.8. "**Generally available Information**" means information that is accessible to the public on a non-discriminatory basis.
- 2.9. "**Immediate Relative**" means a spouse of a person, and includes parents, 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.
- 2.10. "**Insider**" means:
- a. Promoter of the Company
  - b. Director of the Company
  - c. Key Managerial Personnel
  - d. A Connected Person as defined in clause 2.5 above
  - e. Auditors of the Company
  - f. All employees of the Company and any person who in the opinion of the Compliance Officer is in possession of or having access to Unpublished Price Sensitive Information.

Explanation: for the purpose of the above sub-clause 2.10 (f), all such persons including the employees shall be called "Designated Persons"

- 2.11. "**Promoter**" shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 2.12. "**promoter group**" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof
- 2.13. "**Securities**" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- 2.14. "**Trading**" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in securities of the Company, and "trade" shall be construed accordingly
- 2.15. "**Trading Day**" means a day on which the recognized stock exchanges are open for trading;

2.16. **“Unpublished Price Sensitive Information”** means any information, relating to the 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 of the Company and shall, ordinarily including but not restricted to be information relating to the following:

- a. financial results
- b. dividends
- c. change in capital structure
- d. mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions
- e. changes in key managerial personnel

Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

### **3. Persons governed by this Code**

This code is applicable to all the employees and Insiders as defined under clause 2.10 hereinabove.

### **4. Role of the Compliance Officer**

- 4.1. The Compliance Officer will ensure compliance with the SEBI Regulations for prevention of Insider Trading. The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the Chairman of Audit Committee and the Board of Directors on an annual basis but not less than once in a year.
- 4.2. The Compliance Officer shall administrate this Code and also undertake actions as are prescribed to it under the Regulations (such as approval and disclosure of the trading plan of Insiders to the stock exchanges on which the Securities of the Company are listed).
- 4.3. The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and this Code of Conduct.

### **5. Preservation of “Unpublished Price Sensitive Information”**

- 5.1. All information shall be handled within the Company on a need-to-know basis and no Insider shall communicate, provide or allow access to any unpublished price sensitive information relating to the Company or its 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.

- 5.2. No person covered by this code shall procure from or cause the communication by any Insider of unpublished price sensitive information, relating to the Company or its securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 5.3. As permitted under the Regulations, unpublished price sensitive information may be communicated, provided that, procuring or allowing access to such information is in connection with a transaction that would:
- a. entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the listed Company is of informed opinion that the sharing of such information is in the best interests of the Company; or
  - b. not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the listed Company is of the 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 sharing of information being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts .
  - c. However, the Board of Directors shall require the parties 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 limited purpose as set out in para 5.3 above and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

5.4. Need to Know:

- a. “need to know” basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- b. All non-public information directly received by any employee should immediately be reported to the head of the department.

5.5. Limited access to confidential information and Chinese Wall

- a. Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.
- b. Disclosure of unpublished price sensitive information to any person other than mentioned in 5.4 (a) above, shall be only with the prior written approval of the Chairman and Managing Director or Whole-time Director or the Compliance

Officer of the Company, recording the purpose and circumstances of such disclosure.

**6. Prevention of misuse of “Unpublished Price Sensitive Information”**

6.1. No insider shall trade in the securities of the Company when in possession of unpublished price sensitive information:

Provided that as recognised under the Regulations, insider may prove his innocence by demonstrating the circumstances including the following:

- a. the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 4 and both parties had made a conscious and informed trade decision;
- b. in the case of non-individual insiders: – (a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and (b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- c. the trades were pursuant to a trading plan set up in accordance with regulation 6.3 hereunder

6.2. In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information shall be on such connected persons and in other cases the onus would be on the Board. The Board may specify such standards and requirements from time to time as it may deem necessary for the purpose of these regulations.

**6.3. Trading Plans**

6.3.1. An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

6.3.2. Such Trading Plan shall:

- a. not entail commencement of trading on behalf of the Insider earlier than six months from the public disclosure of the plan;
- b. not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be

announced by the issuer of the securities and the second trading day after the disclosure of such financial results;

- c. entail trading for a period of not less than twelve months;
- d. not entail overlap of any period for which another trading plan is already in existence;
- e. set out either the value of trades to be effected or the number of the Company's securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- f. not entail trading in securities for market abuse.

6.3.3. The Compliance Officer shall review the Trading Plan to assess whether the plan would have any potential for violations of SEBI (Prohibition of Insider Trading) Regulations 2015 and shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

6.3.4. The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation of the plan and shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer. The Compliance Officer shall be the final authority to decide on the deferment of the Trading Plan.

6.3.5. Upon approval of the trading plan, the compliance officer shall notify the plan to the Stock Exchanges on which the securities are listed.

## **7. Trading Window and Window Closure**

7.1. The Company shall periodically specify the trading period to be called "Trading Window" for trading in the Company's Securities. The Trading Window will remain closed when the Compliance Officer determines that the Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. When the Trading Window is closed, the Designated Persons and their Immediate Relatives shall not trade in the Company's Securities during that period. The Trading Window shall be inter alia closed for the following purposes:

- a. Declaration of financial results (Quarterly, Half-yearly & Annual);

- b. Declaration of dividend (Interim & Final);
  - c. Change in capital structure including but not limited to issue of securities by way of public/ rights/ bonus and buy back of securities;
  - d. Announcement of any major expansion plans or execution of new projects;
  - e. Mergers, Demergers, Acquisitions and Delisting
  - f. Disposal of whole or substantially the whole of the undertaking. Major Expansion of Business
  - g. Material events in accordance with the Listing Agreement
- 7.2. The time for commencement of closing of trading window shall be decided by the Compliance Officer.
- 7.3. The Trading Window shall open at least 48 (forty eight) hours after the quarterly / half yearly or annual financial results or the decision of the Board of Directors on the matters mentioned in para 7.1, as the case may be, have been communicated to the Stock Exchanges.
- 7.4. The Insider and their immediate relatives shall not undertake any trades directly or indirectly during the periods when the Trading Window is closed.
- 7.5. The restriction to trade in the Company's securities as stipulated in 7.4 above 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.

All communication regarding the closing and opening of the Trading Window will be sent by e-mail to the Designated Persons and will also be notified to the Stock Exchanges and uploaded on the Company's website and notice board. However, irrespective of whether such communication is received, the Insiders governed by this code should mandatorily verify whether the trading window is open before undertaking any transactions in respect of the Company's securities. Non receipt of communication regarding closure of trading window will not justify a transaction done during the period when the trading window was closed.

- 7.6. In respect of Employees Stock Options, if any, the employees covered under the list of Designated Persons can exercise the options when the trading window is closed. However, selling of shares allotted on exercise of the options is not allowed when the trading window is closed.
- 7.7. Trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

## **8. Pre-Clearance of Trade**

- 8.1. The Insiders who intend to trade in the Company's securities should obtain preclearance from the Compliance Officer if the transaction/s (either single or cumulative) aggregates to the total traded value in excess of **Rs.2 lakhs** over any calendar quarter.

- 8.2. However, no Designated Person shall be entitled to apply for pre-clearance of any proposed trade by himself or his Immediate Relative if such Designated Person/ Immediate Relative is in possession of Unpublished Price Sensitive Information even if the Trading Window is not closed and hence he shall not be allowed to trade.
- 8.3. Applications seeking pre-clearance should be made in the application form provided in Annexure - A. For expediting matters, pre-clearance may be sought by the concerned person and given by the Compliance Officer by e-mail and this should be followed invariably by written application form. Transactions can be carried out based on pre-clearance obtained on email. Pre-clearance shall be generally given within two working days.
- 8.4. Once pre-clearance is given for a transaction the trade should be executed by the Insiders within seven trading days from the date of the pre-clearance. If the trade is not executed within the period stipulated as aforesaid, the Insider must obtain a fresh pre-clearance. In the event the period between the date of the aforesaid approval and the commencement of the closure of the Trading Window is less than 7 trading days, then the said transaction shall be executed within such lesser period.
- 8.5. Any person who have obtain pre-clearance shall file the details of the transactions in the format prescribed under Annexure - B with the Compliance Officer within 30 days of granting approval. Even in cases where the transaction has not been undertaken, the same should be reported in the above format.

**9. Minimum Holding Period and No opposite Transaction for six months**

- 9.1. Insiders who buy or sell any number of securities of the Company (excluding exercise of Stock Options under the Stock Option Scheme of the Company) shall not enter in to an opposite transaction i.e. sell or buy as the case may be, of any number of such securities during the next six months period following the prior transaction.
- 9.2. In case of subscription in the primary market (i.e. initial or follow-on public offers) which includes securities allotted against Employee Stock Options, the Insiders shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
- 9.3. In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer upon receipt of an application from such Insider and after recording in writing, the reasons in this regard. Such application to be made in the form prescribed in Annexure – C.

**10. Disclosures and Reporting Requirements for transactions in securities**

- 10.1. The disclosures to be made by any person under this Code shall include those relating to trading by an Insider.
- 10.2. The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.



### 10.3. Initial Disclosure

10.3.1. Every Promoter, Member of the promoter group, Director and Key Managerial Personnel of the Company and every Designated Persons, shall within thirty days from the effective date of this Code, forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the Form prescribed under Annexure - D.

10.3.2. Every person on appointment as a Director or the Key Managerial Personnel of the Company or any person 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 re-appointment or becoming a Promoter or Designated Person, to the Company within seven days of such appointment or becoming in the format given in Annexure - E.

### 10.4. Continual Disclosure

Every Promoter, member of the promoter group, Director and Designated Persons shall disclose to the Company in the format given in Annexure - F, the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities so traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of **Rs.10 Lakhs** or such other value as may be specified by the Regulations..

The disclosure shall be made within 2 trading days of:

- a. the receipt of intimation of allotment of shares, or
- b. the acquisition or sale of shares or voting rights, as the case may be.

### 10.5. Disclosure by the Company to the Stock Exchange(s)

10.5.1. Within 2 trading days of the receipt of intimation under para 10.4.1 above, the Compliance Officer shall disclose to all the Stock Exchanges on which the Company's securities are listed, the information so received.

### 10.6. Annual Disclosure

10.6.1. The Directors and Designated Persons shall disclose to the Compliance Officer the number of securities held by them in the Company as on 31st March each year as per the format given in Annexure - G. They shall also disclose the number of securities in the Company held by their dependents (spouse and dependent children). This disclosure should be made before the 3<sup>rd</sup> April each year. This disclosure should be made even if the shareholding is NIL as on 31st March of each year. The Directors and Designated Persons shall also give an annual confirmation of their adherence to the Code.

10.6.2. The Compliance officer shall maintain records of all such declarations in the appropriate form given by the Directors/ Officers/ Designated Persons for a minimum period of five years.

### **11. Code of Fair Disclosure and Conduct**

The Company has also laid down a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) as required by the SEBI (Prohibition of Insider Trading) Regulations 2015. The said Code is posted on the Company's Website.

### **12. Confirmation**

This Code of Conduct for prevention of Insider Trading in respect of securities of the Company and the Code of conduct for Fair Disclosure of Unpublished Price Sensitive Information has been uploaded on the Company's website. All Insiders hereby acknowledge having read and fully understood their obligations herein and have undertaken to unconditionally abide by the same. The responsibility of compliance shall be entirely on the Insiders including any violation by their immediate relative.

### **13. Penalty for contravention of the code of conduct**

- 13.1. Every Insider shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/ her dependents).
- 13.2. Any Insider who trades in securities or communicates any information for trading in securities of the Company, in contravention of this Code may be penalized and appropriate action may be taken by the Company.
- 13.3. Designated Persons who violate this Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc. The penalties /disciplinary action will be decided by the Board/Committee of the Board based on reports submitted by the Compliance Officer.
- 13.4. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015. For this purpose the Compliance Officer shall inform SEBI if there is any violation of the Code and SEBI Regulations.

### **14. Jurisdiction**

1. In the event of any dispute arising from the provisions of the Code or its interpretation, the same shall be subject to the jurisdiction of the Courts in the district of Rajkot.

**Form A**  
**APPLICATION CUM UNDERTAKING FOR PRE – CLEARANCE**  
(In pursuant to Regulation 9(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015)

**Date:**

To,  
The Compliance Officer,  
Jyoti CNC Automation Limited  
G – 506, Lodhika GIDC, Kalawad Road,  
Metoda, Rajkot – 360 021.

**Sub.: Application for Pre – Trading Approval in Equity Shares of the Company.**

Dear Sir,

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and Company's Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, I, \_\_\_\_\_ (Name), being Spouse / Children / Parent (Strikeout whichever is not applicable) of \_\_\_\_\_ (Name of Employee) (Delete highlighted portion in case application is made by Employee), seek approval for trading in equity shares of the company as below.

Name of Applicant	
Reason for being Insider	
No. of Shares Held (As on date of this application)	
PAN	
Demat Account No.	
Nature of Proposed Transaction (Buy / Sale / Trade / Ors.)	
Proposed Number of Shares	
Price at Which Transaction is Proposed	
Closing Price (As on Previous Trading Date of this application)	
Whether Proposed Transactions will be through Stock Exchange or off market trade	

**JYOTI CNC AUTOMATION LIMITED**

CIN: U29221GJ1991PLC014914

Regd. Off.: G – 506, Lodhika GIDC, Kalawad Road,  
Metoda, Rajkot – 360 021.

I further declare that –

- 1) Till date of signing of this application, I am not in possession of or otherwise privy to any Unpublished Price Sensitive Information (as defined in aforesaid Company's Code of Conduct);
- 2) In the event I access to or received any Unpublished Price Sensitive Information after signing of this application but before executive of proposed transaction for which this application is being made, I shall inform the Compliance Office accordingly and shall undertake the proposed transaction.
- 3) I have not contravened or violated the provisions of the said Code of Conduct as notified by the Company.
- 4) I undertake that all facts and statement made by me in this application are true and correct.

I undertake to execute the transaction proposed vide this application within 7 trading days of receipt of approval failing which I will apply again for pre – trading.

Further, I will submit report in Form C, on transaction executed by me within 2 working days from date of execution of transaction or submit Nil report on expiry of 7 trading days.

**Date:**

**Place:**

\_\_\_\_\_

**Name:**

**FORM B**  
**APPROVAL OF TRADING**

**To**

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Ref.: Your Application dated .....

**Sub.: Approval of Trading**

Respected Sir / Madam,

The transaction proposed vide your above application has been approved. You are requested to complete your proposed transaction within 7 trading days i.e. on or before \_\_\_\_\_.

**Date:**

**Place:**

\_\_\_\_\_

**Name:**

**(Compliance Officer)**

**JYOTI CNC AUTOMATION LIMITED**

CIN: U29221GJ1991PLC014914

Regd. Off.: G – 506, Lodhika GIDC, Kalawad Road,  
Metoda, Rajkot – 360 021.**FORM C****INTIMATION OF TRADING****Date:**

To,  
The Compliance Officer,  
Jyoti CNC Automation Limited  
G – 506, Lodhika GIDC, Kalawad Road,  
Metoda, Rajkot – 360 021.

Sub.: Intimation of Trade

Dear Sir,

In continuation of my Application dated \_\_\_\_\_, I herewith inform you that I had completed transaction in equity shares of the company and details of my transaction is given herein below.

Nature of Transaction (Buy / Sale / Trade / Ors.)	
Number of Shares Traded	
Price at Which Transaction is Traded	
Whether Transactions is Trded through Stock Exchange or off market trade	
Date of Completion of Transaction	

**Date:****Place:** \_\_\_\_\_**Name:**