



EMKAY TOOLS

EMKAY TAPS AND CUTTING TOOLS LTD.

Registered Office & factory Address: B-27 & B-27/1, M.I.D.C. Industrial Area, Hingna Road, Nagpur-440016 (India)
CIN: L29220MH1995PLC091091

March 29, 2019

To,

National Stock Exchange of India Limited,

Exchange Plaza, Bandra Kurla Complex

Bandra (E), Mumbai-400051

Series: SM

Symbol: EMKAYTOOLS

Subject: Announcement pursuant to Reg. 8(2) of the SEBI (Prohibition of Insider Trading) PIT amendment Regulation, 2018

Respected Madam / Sir,

We wish to inform you that the Board of Directors of the Company on Friday 29th of March, 2019 has considered and approved the amendment in the Code of Conduct for Prevention of Insider Trading interalia including Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons, Intermediaries and Fiduciaries; and "the policy for determination of legitimate purposes" forming part of this code of conduct herein after collectively to be referred as "the Policy on Prohibition of Insider Trading of EMKAY TAPS AND CUTTING TOOLS LIMITED" in compliance with the amendment provisions of the SEBI (Prohibition of Insider Trading) [Amendment] Regulations, 2018 by passing circular resolution to that effect.

Copy of "the Policy on Prohibition of Insider Trading of EMKAY TAPS AND CUTTING TOOLS LIMITED" as approved and adopted by the Board of Directors of the Company by passing circular resolution on March 29, 2019 is enclosed herewith and shall be available on website of the company.

Kindly take the above submission on your records.

Thanking You.

For **EMKAY TAPS AND CUTTING TOOLS LIMITED**

S. Sohane

Shruti Sohane

Company Secretary & Compliance Officer



Encl.: As mentioned above.



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"POLICY ON PROHIBITION
OF
INSIDER TRADING
OF
EMKAY TAPS AND CUTTING TOOLS LIMITED"

As approved and adopted by the Board of Directors of the Company
by passing circular resolution on March 29, 2019



AUTHENTICATED BY
S. Sohane
COMPANY SECRETARY



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CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

INTRODUCTION

Insider trading means dealing in Securities of a Company by its Directors, designated person, connected persons including their immediate relatives and other specified categories of person including intermediaries and fiduciaries (herein after collectively called "Insiders") as mentioned in the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended and effective from April 1, 2019 being Insiders, based on unpublished price sensitive information which they carry in their official capacity for Trading or disclosing information for trading in Company's securities. Such dealings by Insiders erode the investors' confidence in the integrity of the management and are unhealthy for the capital markets.

The Securities and Exchange Board of India (SEBI), in its Endeavour to protect the interests of investors in general, has formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 [hereinafter referred to as "the Regulations"] under the powers conferred on it under the SEBI Act, 1992 SEBI Board and accordingly, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as – the Regulations) were notified by SEBI on January 15, 2015 which will become effective from May 14, 2015 and amendment to the said Regulations has been issued by the SEBI on December 31, 2018 effective from April 1, 2019. These Regulations are made applicable to all Companies whose shares are listed/ proposed to be listed on Indian Stock Exchange(s).

The objective is to provide for at par opportunity to make enrich decision(s), if any, to the insiders 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 and those of companies proposed to be listed to deal in its securities, while in possession of unpublished price sensitive information.

As per these Regulations:

- 1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed/ 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.
- 2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

In line with the Regulations, it is necessary to formulate a specific Code of Conduct and Fair Disclosure for Emkay Taps and Cutting Tools Limited for use by its insiders.

This document embodies the Code of Conduct to Regulate, Monitor and Report Trading by Insiders along with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to be adopted by Emkay Taps and Cutting Tools Limited and followed by its insiders. The Code is based on the principle that insiders of Emkay Taps and Cutting Tools Limited owe among others a fiduciary duty to the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation.

The Code is applicable to and is intended to serve as a guiding charter for insiders with the functioning of the Company and their dealings in Securities of the Company. Further, the Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to





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take informed investment decisions with regard to the Company's Securities.

DEFINITIONS

As used in this Code

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

Board means Board of Directors of the Company;

Code means this Code of Conduct formulated to Regulate, Monitor and Report Trading by Insiders, along with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, including modifications made thereto from time-to-time;

Company means Emkay Taps and Cutting Tools Limited;

Compliance officer means 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.

Explanation – For the purpose of this regulation, “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;

Connected Person shall have the meaning given to it under Regulation 2(d) of the Regulations and shall also include the promoters and their directors and key managerial personnel;

Director means a member of the Board of Directors of the Company;

Designated Persons means Directors and such designated persons and other connected persons and immediate relatives of designated persons and Connected Persons includes representatives of the auditors, accountancy firms, law firms, analysts, consultants, etc. as identified by the Compliance Officer in consultation with the Board in line with the objectives of the Code;

Generally Available Information means information that is accessible to the public on a non-discriminatory basis. Information published on the website of a stock exchange, would ordinarily be considered generally available. ;

Immediate relative means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

Insider means any person who, is a connected person or in possession of or having access to unpublished price sensitive information;

Promoter 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;

Promoter Group shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue





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of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

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.

Specified Persons/ Officer includes any Director, Manager or Company 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 including an Auditor;

Trading means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in the Securities of the Company and "trade" shall be construed accordingly;

Trading in Securities means and includes an act of subscribing to, buying, selling, and dealing or agreeing to subscribe to, buy, sell or deal in any Securities of the Company and —trade shall be construed accordingly.

Unpublished price sensitive information means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

- ◆ Periodical financial results of the Company;
- ◆ Intended declaration of dividends, interim or final;
- ◆ Change in capital structure of the Company;
- ◆ Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- ◆ Changes in Key Managerial Personnel of the Company;*

Working Day shall mean the working day when the regular trading is permitted on the concerned stock exchange(s) where the securities of the company are listed;

All terms used in this Code but not defined herein above shall have the meanings ascribed to them under the Regulations or the Companies Act, 2013, to the extent notified and Companies Act, 1956 as far as applicable.





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**CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF
UNPUBLISHED PRICE SENSITIVE INFORMATION**

PUBLIC DISCLOSURE

Prompt public disclosure shall be made of Unpublished Price Sensitive Information that would have an impact on price discovery as soon as any credible and concrete information comes into being so as to make such information generally available to public.

The disclosures to be made by insiders shall also include those relating to trading by such insider's immediate relatives, and by any other person for whom such insider takes trading decisions.

The disclosure of trading in securities shall also include trading in derivatives of such securities that are permitted by any law for the time in force and the traded value of the derivatives shall be taken into account.

The disclosures shall be maintained by the Company for a minimum period of 5 years in physical/ electronic mode.

The following disclosure requirements are mandated under the Regulations:

INITIAL DISCLOSURES

Initial disclosure is required to be made by following persons:

- a) Every Promoter, Key Managerial Personnel and Director of the Company shall disclose his holding of securities of the Company (as per Annexure 4) as on the date of these regulations taking effect viz. April 1, 2019, to the Company within 30 days of these regulations taking effect;
- b) Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter shall disclose his holding of securities of the Company (as per Annexure 5) as on the date of appointment or becoming a Promoter, to the Company within 7 (Seven) days of such appointment or becoming a promoter.

CONTINUAL DISCLOSURES

Continual disclosure has to be made by following persons:

- a) Every designated person of the Company shall disclose to the Company the number of such securities acquired or disposed of within 2 (two) trading days of such transaction (as per Annexure 6);
- b) The Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within 2 (two) trading days of receipt of the disclosure or from becoming aware of such information 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. 10,00,000.00 (Rupees Ten Lakh) or such other value as may be specified;

The disclosure of the incremental transactions, after any such disclosure by the Company, shall be made when the transactions effected after the prior disclosure cross the threshold viz. if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10,00,000.00 (Rupees Ten Lakh only) or such other value as may be specified.





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DISCLOSURES BY OTHER CONNECTED PERSONS

The Company may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by it in order to monitor compliance with these regulations.

DISSEMINATION OF INFORMATION

The Company shall ensure uniform and universal dissemination of unpublished price sensitive information and avoid selective disclosure.

The Company also ensures prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

CHIEF INVESTOR RELATIONS OFFICER

The Managing Director is designated as a Chief Investor Relations Officer and the Compliance officer of the Company in consultation with Managing Director of the Company is authorized by the Board to deal with dissemination of information and disclosure of unpublished price sensitive information.

RESPONSE TO QUERIES, REQUESTS

Appropriate and fair response shall be made by the Company to queries on news reports and requests for verification of market rumors by regulatory authorities.

The Company shall ensure that the information shared with analysts and research personnel is not unpublished price sensitive information.

The Company shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.





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

COMPLIANCE OFFICER

- ◆ Company Secretary of the Company shall act as Compliance Officer to ensure compliance and for effective implementation of the Regulations and also this Code across the Company.
- ◆ The Compliance Officer shall report to the Managing Director of the Company.
- ◆ The Compliance Officer shall hold the position so long as he/ she is in the employment of the Company. Till such time a successor is appointed, the Head of Finance shall, in the interim period act as the Compliance Officer.
- ◆ In order to discharge his/ her functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his/ her functions. In the performance of his/ her duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.
- ◆ The Compliance Officer shall act as the focal point for dealings with SEBI in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.

DUTIES OF THE COMPLIANCE OFFICER

The Compliance Officer shall be responsible for

- ◆ Setting forth policies in consultation with the Managing Director/ Board of Directors and their compliance thereof.
- ◆ Prescribing procedures for various activities referred to in the Code.
- ◆ Monitoring adherence to the rules for the preservation of "Unpublished Price Sensitive Information".
- ◆ Monitoring of trades as required under these Regulations.
- ◆ Grant of pre-dealing approvals to the designated persons for dealings in the Company's Securities and monitoring of such dealings.
- ◆ Review, approval and public disclosure and monitoring of trading plans submitted by insiders and obtaining such express undertakings as he may deem necessary in this regard
- ◆ Implementation of this Code under the overall supervision of the Board of Directors.

The Compliance Officer shall maintain a records (either manual or in electronic form) of the details of trading by Company Directors, designated persons and other connected persons and immediate relatives of designated persons as may be deemed necessary.

The Compliance Officer shall provide reports to the to the Chairman of the Audit Committee or to the Chairman of the Board of Directors, as the case may be at such frequency as the Board may stipulate.





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NEED TO KNOW

All insiders who are in possession of any unpublished price sensitive information shall handle such information with care and deal with such information when transacting any business strictly on a "Need to Know" basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations.

POLICY FOR DETERMINATION OF "LEGITIMATE PURPOSES"

The sharing of UPSI shall be deemed to be for "Legitimate Purpose" if following criteria's are met:

- ◆ The 'Legitimate Purpose' shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, 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.
- ◆ **The information shall be shared with any person strictly on 'need to know' basis only.**
- ◆ Insiders shall share the UPSI with the external agencies only in the interest of the Company and/or in compliance with the requirements of the law.
- ◆ Sharing of information may be construed as insider trading even while it is in pursuit of compliances required or business interests of the Company in appropriate circumstances.
- ◆ The person who has the UPSI should ideally recuse himself from assigned task of the sharing the UPSI with third parties in such doubtful cases to avoid any adverse inferences in this regard.
- ◆ The agreements entered into involve sharing of UPSI should have a "confidentiality clause" or else a separate Non-Disclosure Agreement shall be executed with parties to safeguard the disclosure of UPSI.
- ◆ Intermediaries and fiduciaries, working with the company, shall have a process for how and when people are brought 'inside' on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.

TRADING WINDOW

- ◆ Designated persons and immediate relatives of designated persons are required to execute trades subject to compliance with the Code and the Regulations.
- ◆ Other than the period(s) for which the Trading Window (i.e. Trading Period) is closed as prescribed hereunder, the same shall remain open for Dealing in the Securities of the Company.
- ◆ Unless otherwise specified by the Compliance Officer, the Trading Window for Dealing in Securities of the Company shall be closed when the Compliance Officer determines that a designated person or class of designated persons are reasonably expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.
- ◆ Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.





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- ◆ The timing for re-opening of the trading window will be determined by the Compliance Officer after considering various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market.
- ◆ The trading window shall, in any event not open earlier than 48 hours after the information becomes generally available.
- ◆ Trading restriction period shall be made applicable from the end of every half year till 48 hours after the declaration of financial results.
- ◆ The gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information

PRE-CLEARANCE OF DEALS IN SECURITIES

- ◆ Trading by designated persons shall be subject to preclearance by the Compliance Officer when the trading window is open, if the value of the proposed trades is above the thresholds mentioned hereunder
- ◆ Such preclearance would be necessary, when securities are traded by such designated persons, whether in one transaction or a series of transactions over any calendar quarter;
- ◆ The applications for pre-clearance shall be made by the concerned designated person to the Compliance Officer in the prescribed form (as per Annexure1).
- ◆ The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
- ◆ Prior to approving any trades, the compliance officer may, if required seek declarations (as per Annexure 2), to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. While seeking such declarations, he shall have regard to whether any declaration is reasonably capable of being rendered in accurate.
- ◆ Such application for pre clearance of dealing, along with the enclosures must necessarily be sent through electronic mail followed by hard copies of all the documents. The e-mail for this purpose should be sent to the Compliance Officer on the official e-mailed.
- ◆ On receipt of approval of pre-clearance application from the Compliance Officer, the designated person shall execute the trade within 7 (seven) trading days, failing which fresh pre-clearance would be needed for the trades to be executed.
- ◆ The designated person who is permitted to trade shall not execute any contra trade upto 6 months. The compliance officer is empowered to grant relaxation from strict application of this restriction for reasons to be recorded in writing, if such relaxation is not in violation of the regulations. This shall not be applicable for trades pursuant to exercise of stock options
- ◆ Any contra trade executed, inadvertently or otherwise, in violation of such a restriction, the profits from





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such trade will be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the SEBI.

TRADING PLAN

- ◆ An Insider willing to deal in the securities of the Company shall be entitled to formulate a Trading Plan ("the Plan") and present it to the Compliance Officer for approval, pursuant to which trades may be carried out on his behalf.
- ◆ Such Plan shall be formulated in accordance with and governed by the Regulations.
- ◆ The Compliance Officer shall review the Plan to assess whether the Plan would have any potential for violation of the Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the Plan. Upon approval of the Plan, the Compliance Officer shall notify the same to the Exchanges.
- ◆ The Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the same, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the Plan.
- ◆ The implementation of the Plan shall not be commenced if any Unpublished Price Sensitive Information in possession of the Insider at the time of formulation of the Plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such Unpublished Price Sensitive Information becomes generally available information so as to avoid a violation of the Regulations.

ANNUAL DISCLOSURE

All designated persons, intermediary or fiduciary shall be required to disclose name and Permanent Account Number or any other identifier authorized by law of the following to the chief investor relations officer or Compliance officer on an annual basis and d when the information changes:

- a) immediate relatives
- b) persons with whom such designated person(s) shares a material financial relationship
- c) Phone, mobile, and cell numbers which are used by them

In addition, names of educational institutions from which designated persons have studied and names of their past employers shall also be disclosed on a one time basis.

Here, a material financial relationship shall have interpretation and understanding as defined under para 12 schedule C of SEBI (PIT) amendment Regulations, 2018.





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PENALTY FOR CONTRAVENTION

- ◆ Every person, to whom the Code is applicable, shall be individually responsible for complying with the provisions of this Code.
- ◆ Any person who violates the Code, shall, in addition to any other penal action that may be taken against him under any law, also be subject to disciplinary action by the Company which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, etc.
- ◆ The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018.
- ◆ In case it is observed by the Listed Company that there has been a violation of SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018 SEBI shall be informed by the company.

INTERPRETATION

Any words used in this Code but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013 or rules made thereunder, SEBI Act or rules and regulations made thereunder, Accounting Standards or any other relevant legislation/law applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Code, the same shall be referred to the Board of Directors and the decision of the Board of Directors in such a case shall be final. In interpreting such term/provision, the Board of Directors may seek the help of any of the officers of the Company or an outside expert as it may deem fit.

AMENDMENT

The Company reserves the right to amend or modify this Code in whole or part, in accordance with any regulatory amendment or notification or otherwise, at any time without assigning any reason whatsoever. Any such amended Code will be accordingly updated on the website of the Company.



AUTHENTICATED BY

S. Sohane

COMPANY SECRETARY