



**FORCE MOTORS LIMITED**

CIN L34102PN1958PLC011172

Regd. Office : Mumbai - Pune Road, Akurdi, Pune – 411 035.

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UNPUBLISHED PRICE SENSITIVE INFORMATION**

**AND**

**CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING  
AND REPORTING OF TRADING BY DESIGNATED PERSONS**

**1. Preamble**

The Company has a 'Code Of Practices And Procedures For Fair Disclosure Of Unpublished Price Sensitive Information' (the 'Code for UPSI') and also a 'Code Of Internal Procedures And Conduct for Regulating, Monitoring And Reporting of Trading by Insiders' (the 'Code of Conduct') in pursuance to the Regulation 8 and Regulation 9, respectively for the Securities and Exchange Board of India (Insider Trading) Regulations, 2015.

Now, the 'Code of UPSI' and the 'Code of Conduct' are further amended as Version 1.1 by the Board of Directors of the Company pursuant to notification under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 having no. SEBI/LAD-NRO/GN/2018/59 dated 31<sup>st</sup> December 2018, and will be effective from 1<sup>st</sup> April, 2019.

'Insider Trading' means dealing in Securities of the Company by certain categories of person such as Promoters, Directors, Designated Persons and certain employees and persons having access to Unpublished Price Sensitive Information ('UPSI'). The term 'Insider and Trading' has been defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The terms 'Insider', 'Trading' and 'UPSI' has been defined in the Securities and Exchange Board of India (Insider Trading) Regulations, 2015. The Regulations state that an Insider shall deal in the securities of the listed company only in accordance with provisions as mentioned under the Code for the purpose.

The Insider should not communicate, provide or allow access to any UPSI to any person except such communication is in furtherance of legitimate purposes, performance of the duties and discharge of legal obligations.

Accordingly, the 'Code of UPSI' and the 'Code of Conduct' has been framed for:

1. Manner of disclosure of unpublished price sensitive information (UPSI);
2. Reporting of trading by an Insider;
3. Prohibition of unlawful acts of Insider Trading;
4. Provide appropriate mechanisms and procedures to enforce the Codes;
5. Communication of the Codes across the organization.

**2. Definitions**

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

2.2 "Board" means the Securities and Exchange Board of India



- 2.3 “Code” or “Code of Conduct” shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons of Force Motors Limited (the ‘Company’) as amended from time to time.
- 2.4 “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.0000
  - (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) an investment company, trustee company, asset management company or an employee or director thereof; or
    - (e) an official of a stock exchange or of clearing house or corporation; or
    - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
    - (g) a member of the Board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
    - (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
    - (i) a banker of the Company; or
    - (j) 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.
- 2.5 Compliance Officer - “compliance officer” means any senior officer, designated so and reporting to the board of directors, 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.
- 2.6 “Dealing in Securities” means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.
- 2.7 “Designated Person(s)” shall include:
- (i) Promoters of the Company;
  - (ii) Directors and Key Managerial Persons of the Company, and material subsidiary companies;
  - (iii) Every employee of the Company in the grade of Deputy General Manager and above and their Executive Assistants;



- (iv) Every employee of the material subsidiary companies upto two levels below the Managing Director / Chief Executive Officer;
- (v) Any employee in the Finance, Accounts, Secretarial, Information Technology (IT) and Legal Departments, as may be determined by the Compliance Officer;
- (vi) Any other person who has access to Unpublished Price Sensitive Information.

2.8 "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

2.9 "Insider" means any person who is:

- i) a connected person; or
- ii) in possession of or having access to unpublished price sensitive information;

2.10 "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.

2.11 "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;

2.12 "Regulations" shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

2.13 "Trading Window" means a period of trading in Company's securities by the Designated Persons.

2.14 "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:

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) 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. Coverage

Designated Persons and their Immediate Relative shall be Governed by this Code. No Insider shall communicate or counsel or procure or cause the communication of any unpublished price



sensitive information, relating to the Company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

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

The Compliance Officer of the Company shall report on insider trading to the Board of Directors of the Company and in particular, to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors from time to time, but not less than once in a year.

#### **5. Preservation of 'Price Sensitive Information' and 'Unpublished Price Sensitive Information'**

Price Sensitive Information shall be handled within the Company on a need-to-know basis and no Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. Effective system of internal controls based on the following guidelines, shall be put in place within the Company, for preservation of Price Sensitive Information:

- a. all employees who have access to Unpublished Price Sensitive information shall be identified;
- b. all the Unpublished Price Sensitive Information shall be identified and its confidentiality shall be maintained as per the requirements this Code;
- c. adequate restrictions to be placed on communication or procurement of Unpublished Price Sensitive Information.

#### **6. Communication or procurement of Unpublished Price Sensitive Information**

No insider shall communicate, provide, or allow access to any Unpublished Price Sensitive Information (UPSI), relating to the Company or 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.

Any person in receipt of UPSI pursuant to a 'legitimate purpose' shall be considered an 'Insider' for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with these regulations. The instance of the 'legitimate purpose' can be as Closure of the quarterly / half yearly / yearly accounts, Declaration of interim dividend, Merger and Takeover activities,

The Company may require the parties to execute non-disclosure and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the company when in possession of the UPSI.

The board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.



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

- a. The trading window shall be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of unpublished price sensitive information.
- b. The Trading Window Open and Close dates shall be advised by the Compliance Officer through the Company's Intranet. In addition, the Company may from time to time notify any other event and any other period for closing of trading window.
- c. When the trading window is closed, the Designated Persons and their immediate relative shall not trade in the Company's securities in such period.
- d. The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.
- e. The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as partners, collaborators, lenders, customers, suppliers, merchant bankers, auditors, accountancy firms, legal advisors, analysts, consultants etc., assisting or advising the Company.

## **8. Pre-clearance of trades**

All Designated Persons, who intend to deal in the securities of the Company when the trading window is opened and if the value of the securities traded is above Rs.10,00,000 (market value), whether in one transaction or a series of transactions over any calendar quarter, should pre-clear the transaction. However, no Designated Person shall be entitled to apply for pre-clearance of any proposed trade if such Designated Person is in possession of unpublished price sensitive information even if the trading window is not closed and hence he shall not be allowed to trade. The pre-dealing procedure shall be hereunder:

- a. An application may be made in the prescribed Form (Annexure 1) to the Compliance officer.
- b. An undertaking (Annexure 2) shall be executed in favour of the Company by such Designated Persons.
- c. All Designated Persons shall execute their order in respect of securities of the Company within seven trading days after the approval of pre-clearance (Annexure 3) is given. The Designated Person shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed. (Annexure 4)
- d. If the order is not executed within seven trading days after the approval is given, the Designated Person must pre-clear the transaction again.
- e. All Designated Persons who is permitted to trade shall not execute a contra trade within the six months following the trade executed. In case of any contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Investor Protection and Education Fund administered by Board under the Act. All Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time.



## 9. Trading Plan

An Insider shall comply with the procedure of trading plans prescribed in the Regulations.

## 10. Disclosures

### i. Initial Disclosure

Every promoter, / Key Managerial Personnel / Director of the Company shall, within 30 days of these regulations taking effect, disclose to the Company the details of their shareholding in the Company and also the holdings of their immediate relative in the prescribed Form 'A'.

Every person on appointment as a Key Managerial Personnel/ Director of the Company or upon becoming a promoter shall disclose his shareholding in the Company, as on the date of appointment or becoming a promoter, within seven days of such appointment in the prescribed Form 'B'.

### ii. Continual Disclosure

Every Designated Person of the Company shall disclose, within two trading days of such transaction in the prescribed Form 'C', to the Company the shares acquired or disposed of and if the value whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Ten Lakh rupees.

The Company shall also abide by the disclosure requirements as may be prescribed in the Regulations.

## 11. Principle and Practices of Fair Disclosure of UPSI:

A Code of principle and practices of fair disclosure of UPSI for adhering each of the principles is set out below:

- a. The Company shall ensure prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- b. The Company shall ensure uniform and universal dissemination of UPSI to avoid selective disclosure.
- c. The Compliance Officer of the Company appointed under Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be the Chief Investor Relations Officer to deal with dissemination of information and disclosure of UPSI.
- d. The Company shall ensure appropriate and fair response to the regulatory authorities regarding queries on news reports and verification of market rumours.
- e. The Company shall ensure that information shared with analysts and research personnel is not UPSI and shall develop best practices to ensure official confirmation and documentation of disclosures made in the meetings with analysts and other investor relations conferences, on the official website.



- f. The Company shall ensure the handling of all UPSI relating to the Company or its securities, on a “need-to-know” basis so that the UPSI will not be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- g. The term ‘legitimate purpose’ for which UPSI may be communicated, provided or allowed access to, by an insider to any person including other insiders, shall include sharing of UPSI in the ordinary course of business by an insider with business partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors or other advisors or consultants provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations for trading in the securities of the Company when in possession of UPSI.

Further, any person in possession of UPSI, shall be treated as an Insider for all the purposes under the Regulations and the Code of Conduct formulated by the Company to regulate, monitor and report trading by the ‘Designated Persons’.

## **12. Dissemination of Price Sensitive Information**

No Designated Person shall communicate, provide, or allow access to any unpublished price sensitive information, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

## **13. Penalty for contravention of the Code**

Designated Persons who violate the 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, and the Board of Directors shall be promptly informed.

The SEBI or other appropriate regulatory authority would also be informed of the violation of these Rules so that appropriate action may be taken.

## **14. Amendment**

The Codes shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

***This policy is only internal code of conduct and one of the measure to avoid Insider Trading. It will be the responsibility of each Specified Persons to ensure compliance of SEBI Regulations and other related statutes.***

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## SPECIMEN OF APPLICATION FOR PRE-DEALING APPROVAL

Date:

To

The Compliance Officer  
Force Motors Limited

Dear Sir/Madam,

### **Application for Pre-dealing approval in securities of the Company**

Pursuant to the SEBI (prohibition of Insider Trading) Regulations, 2015 and the Company's **Code of Conduct for Prevention of Insider Trading**, I seek approval to purchase / sale /subscription of ..... Equity shares of the Company as per details given below:

1. Name of the applicant
2. Designation
3. Number of securities held as on date
4. Folio No. / DP ID / Client ID No.)
5. The proposal is for (a) Purchase of securities  
(b) Subscription to securities  
(c) Sale of securities
6. Proposed date of dealing in securities
7. Estimated number of securities proposed to be acquired/subscribed/sold
8. Price at which the transaction is proposed
9. Current market price (as on date of application)
10. Whether the proposed transaction will be through stock exchange or off-market deal
11. Folio No. / DP ID / Client ID No. where the securities will be credited / debited

I enclose herewith the form of Undertaking signed by me.

Yours faithfully,

(Signature)



**ANNEXURE 2**

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE UNDERTAKING**

To,  
**Force Motors Ltd.,**

I, ....., of the Company  
residing at

.....  
....., am desirous of dealing in ..... \* shares of the  
Company as mentioned in my application dated ..... for pre-clearance of the  
transaction. I further declare that I am not in possession of or otherwise privy to any unpublished Price  
Sensitive Information (as defined in the Company's Code of Conduct for prevention of Insider Trading  
(the Code) up to the time of signing this Undertaking. In the event that I have access to or received  
any information that could be construed as "Price Sensitive Information" as defined in the Code, after  
the signing of this undertaking but before executing the transaction for which approval is sought, I  
shall inform the Compliance Officer of the same and shall completely refrain from dealing in the  
securities of the Company until such information becomes public. I declare that I have not  
contravened the provisions of the Code as notified by the Company from time to time. I undertake to  
submit the necessary report within four days of execution of the transaction / a 'Nil' report if the  
transaction is not undertaken. If approval is granted, I shall execute the deal within 7 trading days of  
the receipt of approval failing which I shall seek pre-clearance.

I declare that I have made full and true disclosure in the matter.

Date :

Signature: .....

\* Indicate number of shares



### ANNEXURE 3

#### FORMAT FOR PRE- CLEARANCE ORDER

To,  
Name:  
Designation:  
Place:

This is to inform you that your request for dealing in (nos) shares of the Company as mentioned in your application dated is approved. Please note that the said transaction must be completed on or before (date) that is within 7 trading days from today. In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,

For **Force Motors Limited**

**Compliance Officer**

Date :

Encl.: Format for submission of details of transaction (Annexure 4).



#### ANNEXURE 4

#### FORMAT FOR DISCLOSURE OF TRANSACTIONS

*(To be submitted within 2 days of transaction / dealing in securities of the Company)*

To  
The Compliance Officer,  
Force Motors Limited

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to securities as mentioned below on (date)

Name of holder	No. of securities dealt with	Bought/sold/ subscribed	DP ID/Client ID / Folio No	Price (Rs.)

In connection with the aforesaid transaction(s), I hereby 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).
4. Copy of Delivery instruction slip (applicable in case of sale transaction).

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. (applicable in case of purchase / subscription).

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Date :

Signature :

Name :

Designation: