
UFM INDUSTRIES LIMITED.

MEHERPUR, SILCHAR – 788 015 (ASSAM)

Ref. No. UFM.....

Date.....

UFM Industries Limited

Code of Conduct for Prevention of Insider Trading

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Prohibition of Insider Trading) Regulations, 2002 (hereinafter referred to as "Regulations") dealing, inter alia, with buying and selling of securities of the Company by employees / directors and the same have been amended by the SEBI from time to time. Through recent amendment in November, 2008 SEBI has directed the Listed Companies to have Code of internal procedures and Conduct as near thereto the model code under regulations without diluting it in any manner.

Objective:-

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations. Every Director, Officer, Designated Employee and Connected person of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company. No Director, Officer, Designated Employee may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party. Such persons are prohibited from communicating / or counseling others with respect to the securities of the Company. Such persons should also refrain from profiteering by misusing the unpublished price sensitive information and thereby enabling the Company to retain investor confidence.

To achieve these objectives, **UFM Industries Limited (hereinafter referred to as “the Company”)** hereby notifies that this code of conduct is to be followed by all Directors, Officers, Designated Employees and connected persons.

Definitions:

(a) "Connected Person" means any person who-

(i) is a director, of the company, or is deemed to be a director of the company by virtue of sub-clause (10) of section 307 of the Companies Act, 1956; or

(ii) occupies the position as an officer or an employee of the company; or

Contd.....(2)

(iii) holds a position involving a professional or business relationship between himself and the company whether temporary or permanent including consultants, advisors, statutory and internal auditors, relatives of all directors and officers and who may reasonably be expected to have an access to unpublished price sensitive information in relation to the company.

Explanation: For the purpose of this definition, the words “connected person” shall mean any person who is a connected person six months prior to an act of insider trading.

- (b) ‘Insider’ means any person who, is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of the company, or who has received or has had access to such unpublished price sensitive information.
- (c) ‘Price Sensitive Information’ means any information, which relates directly or indirectly to the company and which if published is likely to materially affect the price of securities of the company.

The following shall be deemed to be price sensitive information:-

- i. periodical financial results of the company;
- ii. intended declaration of dividends (both interim and final);
- iii. issue of securities or buy-back of securities;
- iv. any major expansion plans or execution of new projects;
- v. amalgamation & mergers or takeovers;
- vi. disposal of the whole or substantial part of the undertaking;
- vii. disruption of operations due to natural calamities.
- viii. any significant changes in policies, plans or operations of the company, such as:

(a) Commencement of any new commercial operations where the contribution there from is likely to exceed 5% of the total turnover of the company during that financial year.

(b) Developments with respect to changes in pricing/realisation on goods and services arising out of changes in government policy

(c) Litigation/dispute with a material impact.

(d) Revision of credit ratings assigned to any debt or equity instrument of the company.

(e) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.

- (d) ‘Relative’ means a person who shall be deemed to be a relative of another, if, and only if,
- (a) they are members of a Hindu undivided family ; or
 - (b) they are husband and wife ; or

{c} the one is related to the other in the manner indicated below:

- (i) Father.
- (ii) Mother (including step-mother).
- (iii) Son (including step-son).
- (iv) Son's wife.
- (v) Daughter (including step-daughter).
- (vi) Father's father.
- (vii) Father's mother.
- (viii) Mother's mother.
- (ix) Mother's father.
- (x) Son's son.
- (xi) Son's son's wife.
- (xii) Son's daughter.
- (xiii) Son's daughter's husband.
- (xiv) Daughter's husband.
- (xv) Daughter's son.
- (xvi) Daughter's son's wife.
- (xvii) Daughter's daughter.
- (xviii) Daughter's daughter's husband.
- (xix) Brother (including step-brother).
- (xx) Brother's wife.
- (xxi) Sister (including step-sister).
- (xxii) Sister's husband.

- (e) 'Unpublished Information' means information which is not published by the company or its agents and is not specific in nature.

Explanation: Speculative reports in print or electronic media shall not be considered as published information.

1. Compliance Officer

1. The Company has appointed a compliance officer (Company Secretary) who shall report to the Managing Director.
2. The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing of designated employees' and their dependents' trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the listed company.

Explanation: For the purpose of this schedule, the term 'designated employee' shall include: -

(i) officers comprising the top three tiers of the company management and all employees in the finance department.

(ii) the employees designated by the company to whom these trading restrictions shall be applicable, keeping in mind the objectives of this code of conduct.

3. The compliance officer shall maintain a record of the designated employees and any changes made in the list of designated employees.
4. The compliance officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the company's code of conduct.

2. Preservation of "Price Sensitive Information"

1. Employees/ directors shall maintain the confidentiality of all Price Sensitive Information. Employees/ directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

2.2. Need to know

Unpublished price sensitive information is to be handled on a "need to know" i.e., 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.

All non-public information directly received by any employee should immediately be reported to the head of the department.

1. Price Sensitive Information is to be handled on a "need to know" basis, i.e., Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty.

2.3. Limited access to confidential information

1. Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word etc.

3. Prevention of misuse of "Price Sensitive Information"

1. All directors/ officers and designated employees of the company shall be subject to trading restrictions as enumerated below :-
2. Trading window
 1. The "Trading Window" will be a period of 7 days prior to the day on which the price sensitive information is published and 24 hours after the price sensitive information is published for trading in the company's securities. The trading window shall be closed during the time the information referred to in para 3.2.3 is un-published.
 2. When the trading window is closed, the employees / directors shall not trade in the company's securities in such period.

3. The trading window shall be, inter alia, closed at the time of:-
 - a. Declaration of Financial results (quarterly, half-yearly and annual)
 - b. Declaration of dividends (interim and final)
 - c. Issue of securities by way of public/ rights/bonus etc.
 - d. Any major expansion plans or execution of new projects
 - e. Amalgamation, mergers, takeovers and buy-back
 - f. Disposal of whole or substantially whole of the undertaking
 - g. Any changes in policies, plans or operations of the company
4. The trading window shall be opened 24 hours after the information referred to in para 3.2.3 is made public.
5. All directors/ officers/designated employees of the company 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 periods when trading window is closed, as referred to in para 3.2.3 or during any other period as may be specified by the Company from time to time.
6. In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.

3.3. Pre clearance of trades

1. All directors/officers /designated employees of the company who intend to deal in the securities of the company (above a minimum threshold limit to be decided by the company) should pre-clear the transactions as per the pre-dealing procedure as described hereunder.
2. An application in Form – I, as prescribed in Annexure, shall be made to the Compliance officer indicating the estimated number of securities that the designated employee/ officer/ director intends to deal in, the details as to the depository with which he has a security account.
3. An undertaking shall be executed in Form – II in favour of the company by such designated employee / director / officer incorporating, inter alia, the following clauses, as may be applicable:
 - (a) That the employee/ director/officer does not have any access or has not received "Price Sensitive Information" upto the time of signing the undertaking.
 - (b) That in case the employee/ director/officer has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of the company till the time such information becomes public.
 - (c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
 - (d) That he/she has made a full and true disclosure in the matter

4. Other restrictions

1. All directors/officers /designated employees shall execute their order in respect of securities of the company *within one week* after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given the employee/ director must pre clear the transaction again.
2. All directors/officers /designated employees shall *hold their investments in securities* for a minimum period of 30 days in order to be considered as being held for investment purposes. The holding period shall also apply to subscription in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.
3. In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the compliance officer after recording in writing his/her reasons in this regard. An application for waiver of holding period shall be made to the Compliance Officer in Form – IV.

5. Reporting Requirements for transactions in securities

5.1 Initial Disclosure:

1. Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of:-
 - a. the receipt of intimation of allotment of shares; or
 - b. the acquisition of shares or voting rights, as the case may be.
2. Any person who is a director or officer of a listed company, shall disclose to the company in Form B the number of shares or voting rights held and positions taken in derivatives by such person and his dependents, within 2 working days of becoming a director or officer of the company.
- 2A. Any person who is a promoter or part of promoter group of a listed company shall disclose to the company in Form B the number of shares or voting rights held by such person, within two working days of becoming such promoter or person belonging to promoter group.

5.2 Continual Disclosure

3. Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.
4. Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents from the last disclosure made under sub-regulation (2) or under this sub-regulation, and the change exceeds Rupees 5 lac in value or 25000 shares or 1% of total shareholding or voting rights, whichever is lower.

- 4(A) Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.”;
5. The disclosure mentioned in sub-regulations (3) (4) and (4A) shall be made within two working 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."

5.3. Disclosure by company to stock exchanges

- 5.3.1 The company, within two working days of receipt, shall disclose to all stock exchanges on which the company is listed, the information received under sub-regulations(1), (2),(2A), (3), (4) and (4A).
- 5.3.2 The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors/officers /designated employees for a minimum period of three years.
- 5.3.3 The Compliance officer shall place before the Managing Director/Chief Executive Officer or a committee specified by the company, on a monthly basis all the details of the dealing in the securities by employees / director / officer of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

6. Penalty for contravention of code of conduct

1. Any employee/ officer / director who trades in securities or communicates any information for trading in securities, in contravention of the code of conduct may be penalised and appropriate action may be taken by the company.
2. Employees / officers / directors of the company who violate the code of conduct 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.
3. The action by the company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 1992.

7. Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

- 7.1 In case it is observed by the company/compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the company.

ANNEXURE:

FORM - I

Date:

To
The Compliance officer,
UFM Industries Limited,
Meherpur,
Silchar – 788015
Assam

Preclearance of trade in Company's Securities.

Sir / Madam,

I have been identified by the Company as Designated Employee/ Officer/ Director for the purpose Insider Trading Code. I intend to Buy/Sell_____ no of equity shares / debentures / other securities of the Company on _____ at a proposed price of ____.

Please grant approval for the same.

I am holding Shares in Physical/ Demat mode.

Client Id Name of Depository Branch (Shares are held in Demat form.)

Please acknowledge the receipt of this application.

Thanking you,

Signature

Name:-

FORM II

UNDERTAKING

In respect of above dealing, I undertake that :

- a. I have no access or nor do I have any information that could be constructed as "Price Sensitive Information" upto the time of signing the undertaking.
- b. In the event I have access to or received "Price Sensitive Information" after the signing of this undertaking but before the execution of the transaction for which approval is sought, I shall inform the Compliance officer of the change in his position and shall completely refrain from dealing in the securities of the company till the time such information becomes public.
- c. I have not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
- d. I have made a full and true disclosure in the matter

Place :

Date:

Signature

FORM III

PRE – CLEARENCE ORDER

This is to inform you that your request for dealing in _____ (no.) of shares of the Company as mentioned in your application is approved. Please note that the said transaction must be completed on or before _____ (date) that is within one week from today.

Date :

For UFM Industries Limited

Compliance Officer

FORM 'IV'

Date:
The Compliance officer,
UFM Industries Limited,
Meherpur,
Silchar – 788015
Assam

Waiver of holding period for Securities

Sir / Madam,

I have been identified as a Designated Employee/Officer/Director/ of the Company for the purpose of Insider Trading Code. I have purchased _____ equity shares on _____, 2008 due to the below mentioned reason, I wish to sell the securities before the end of 30 days from the date of purchase.

Please grant me waiver with respect to the holding of securities for minimum period of 30 days.

Reason: (mention the reason for anticipating the waiver)

Thanking you,

Signature

Name:-

FORM B

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

[Regulations 13(2), 13(2A) and 13(6)]

Details of shares or voting rights held by Director or Officer and his dependants or Promoter or Person who is part of Promoter Group of a listed company, or positions taken in derivatives by Director or Officer of a listed company and his dependents.

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

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

