

BHEL

CODE OF CONDUCT

FOR

PREVENTION OF
INSIDER TRADING

CONTENTS

Sr. No.	Topic	Page No.
CHAPTER I – INTRODUCTION		
1.	Introduction	3
2.	The Policy and Obligations	3
3.	Applicability	3
4.	Definitions	4
CHAPTER II- CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION		
5.	Compliance Officer	6
6.	Preservation of Price Sensitive Information	6
CHAPTER III-TRADING RESTRICTIONS		
7.	Trading Window	7
8.	Pre clearance of Trades	8
9.	Minimum Period for holding of securities/listed securities	9
CHAPTER IV- REPORTING & DISCLOSURE REQUIREMENTS		
10.	Reporting Requirements	10
11.	Disclosure Requirements	10
CHAPTER V- MISCELLANEOUS		
12.	Penalty for contravention of the Code	12
13.	Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended	12
FORMS		
‘I’	For Directors / Officers / Designated Employees for dealings in the securities of Company above minimum of 200 shares of the Company	13
‘A’	Form for Initial Disclosure (For any person holding more than 5% shares or voting rights)	14
‘B’	Form for Initial Disclosure (For Directors / Officers and their dependants)	15
‘C’	Form for Continual Disclosure (For any person holding more than 5% shares or voting rights)	16
‘D’	Form for Continual Disclosure (For Directors / Officers)	17

BHARAT HEAVY ELECTRICALS LIMITED
CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING, 2009
(As approved by the Board of Directors of the Company
in its 409th Meeting held on 29th January, 2009)

CHAPTER I

1. Introduction

Pursuant to SEBI (Insider Trading) (Amendment) Regulations, 2002, the Board of Directors of the Company in its 342nd meeting held on 26th August, 2002 approved the "Code of Conduct for Prevention of Insider Trading" which came into force with immediate effect. The objective of the Code is to prevent dealing in securities of the Company by an Insider either on his own behalf or on behalf of any other person, on the basis of unpublished price sensitive information.

In line with the SEBI(Prohibition of Insider Trading) (Amendment) Regulations, 2008 issued in November, 2008, the following Code of Conduct (hereinafter referred to as the 'Code') has been adopted by the Board of Directors of the Company in its 409th meeting held on 29th January, 2009 and shall be effective from 29th January, 2009.

2. The Policy and Obligations

The Company endeavours 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 and designated employee 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/Executive Director/General Manager and other 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.

To achieve these objectives, Bharat Heavy Electricals Limited (hereinafter referred to as "the Company") hereby notifies that this code of conduct to be followed by all Directors/Executive Directors/General Managers and other designated employees of BHEL.

3. Applicability

This Code shall apply to all Directors/Executive Directors/General Managers and other designated employees of BHEL.

4. Definitions

In this Code, unless the context otherwise requires:

- (i) "SEBI Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- (ii) "Regulations" means the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.
- (iii) "the Company" means Bharat Heavy Electricals Limited (BHEL).
- (iv) "Code" means this BHEL Code of Conduct for Prevention of Insider Trading, as modified from time to time.
- (v) "Dealing in Securities" means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in the securities of BHEL by any person either as principal or agent.
- (vi) "Designated Employees" means a person occupying any of the following position in the Company:
 - (a) All Directors
 - (b) All Executive Director including Chief Vigilance Officer
 - (c) All employees in the rank of General Managers.
 - (d) All Heads of Finance of Units/Divisions/Regions including ROD Mumbai, Chennai and Headquarter at New Delhi.
 - (e) All Finance Executives working in Books, Budget, Financial Service and Direct Taxation Sections of Corporate Finance;
 - (f) All executives and staff working in Secretarial & Legal Deptt.
 - (g) All SAs to CMD/Directors/Chief Vigilance Officer
 - (h) Any other key person, who in the opinion of Compliance Officer be covered in the "designated employee".
- (vii) "Dependants" means Spouse, Dependent parents, Dependent Children and any other person dependent on Designated Employee.
(Dependency of parents/ children is to be decided in accordance with BHEL's Medical Attendance Rules)
- (viii) "Insider" means any person who,
 - (a) 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 BHEL or
 - (b) has received or has had access to such unpublished price sensitive information.

- (ix) "Officer of the Company" means any person as defined in clause (30) of Section 2 of the Companies Act, 1956 including an auditor of the company.

Section 2(30) of the Companies Act, 1956 provides that "Officer of a Company" includes any director, manager or secretary or any person in accordance with whose directions or instructions the Board of directors or any one or more of the directors is or are accustomed to act.

- (x) "Price Sensitive Information" means any information that relates directly or indirectly to Company and which, if published, is likely to materially affect the price of securities of Company. The following shall be deemed to be price sensitive information:

- (a) Periodical Financial Results of the Company
- (b) Intended declaration of dividend (both interim and final, if any)
- (c) Issue of securities or Buy-back of securities (by way of Public/Rights/ Bonus etc.) or Buy-back of securities.
- (d) Any major expansion plans or execution of new projects
- (e) Amalgamation, mergers or takeovers
- (f) Disposal of whole or substantial part of the undertaking
- (g) Any Significant changes in policies, plans or operations of the Company;
- (h) Any proposed joint venture\foreign collaboration in India or abroad;
- (i) Any major order obtained\cancelled;
- (j) Any change in title\status\recognition of the company; and
- (k) Any other matter which the Compliance Officer may decide as such.

- (xi) "Trading Window" means trading period for trading in the Company's Securities. All days shall be the trading periods except when trading window is closed.

- (xii) "Unpublished Information" means information which is not published by the company or its agents and is not specific in nature. Speculative Reports in print or electronic media shall not be considered as Published information.

- (xiii) "Working Day" means working day when the regular trading is permitted on concerned stock exchange where securities of the company are listed.

All other words and phrases will have the same meaning as defined under the "SEBI (Prohibition of Insider Trading) Regulations, 1992" as amended from time to time and also under the "Securities and Exchange Board of India Act, 1992."

CHAPTER II

CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION

5. Compliance Officer
 - 5.1 Director (Finance) shall be the Compliance Officer and report to the Chairman and Managing Director.
 - 5.2 The Compliance Officer shall set forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information, preclearing of designated Employees' and their Dependents Trades (directly or through respective department heads), monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Chairman and Managing Director.
 - 5.3 A Record of Designated Employees and their dependants shall be maintained in Company Secretariat in consultation with General Manager (HR), BHEL Corporate Office under the overall supervision and control of the Compliance Officer and changes taking place in the list from time to time shall be incorporated therein.
 - 5.4 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 as amended from time to time and the Company's Code of Conduct. The Company Secretary shall assist the Compliance Officer in discharging this function.
 - 5.5 The Compliance Officer shall designate a Senior Official or the Company Secretary of the Company to act as Compliance officer in his absence.
6. Preservation of "Price Sensitive Information"
 - 6.1 **All** Directors/designated employees shall maintain the confidentiality of price sensitive information. They shall not communicate or counsel or procure directly or indirectly any unpublished price sensitive information to any person and pass on such information to any person, directly or indirectly by way of making recommendations for acquisition/purchase/sale of the securities of the Company;
 - 6.2 **All** Directors/designated employees should not acquire/purchase/sell Company's shares either on behalf of themselves or others when in possession of unpublished price sensitive information.
 - 6.3 Price Sensitive Information shall 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 and/or functions and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
 - 6.4 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

CHAPTER III

TRADING RESTRICTIONS

7. Trading Window

7.1 When the trading window is closed, all directors/ designated employees of BHEL shall not trade in the company's securities in such period. The trading window shall be closed during the time the information referred to in para 7.2 is unpublished.

7.2 The Trading Window shall be *inter-alia* closed:

- (a) Ten days prior to Board meeting for declaration of quarterly and half-yearly financial results and thirty days prior to board meeting in case of annual financial results;
- (b) Ten days prior to Board meeting for declaration of interim dividend and thirty days prior to Board meeting for declaration of final dividend;
- (c) Ten days prior to Board meeting for issue of securities by way of public/right/bonus etc.
- (d) Ten days prior to the Board Meeting held to approve any major expansion plans or execution of new projects;
- (e) Ten days prior to the Board Meeting held to approve amalgamation, mergers, takeovers and buy-back;
- (f) Ten days prior to the Board Meeting held to approve disposal of whole or substantially whole of the undertaking;
- (g) Ten days prior to the Board Meeting held to approve any significant changes in policies, plans or operations of the company;
- (h) For such period and for any such other event as may be deemed fit by the Compliance Officer;

However if the circumstances so warrants the time for closing the window may be increased or decreased with the approval of Director (Finance) and Chairman & Managing Director.

7.3 The trading window shall be opened 24 hours after information referred to in para 7.2 is made public.

7.4 **All** Directors/designated employees 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 7.2 or during any other period as may be specified by the Company from time to time.

7.5 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.

8. Pre-clearance of trades
- 8.1 **All** Directors/ designated employees and their dependants who intend to deal in the securities of the company above a minimum of 200 shares of the company in a calendar month should pre-clear the transactions as per the pre-dealing procedure as described hereunder.
- 8.2 An application shall be made in Form 'I' 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, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.
- 8.3 An Undertaking shall be executed in favour of the Company by such Designated employee/ Director/ Officer incorporating, *inter alia* the following clauses, as may be applicable :
- (a) That the designated employee/director/officer/dependant family member does not have access or has not received price sensitive information up to the time of signing the Undertaking.
 - (b) That in case, the designated employee/director/officer/dependant family member has access to or receive any "Price Sensitive Information" after the signing of this undertaking but before execution of the transaction, he/she shall inform the Compliance Officer of the change in position and that he/she shall refrain from dealing in securities of the company till such information is made public.
 - (c) That he/she has not contravened the Company's Code of Conduct for Prevention of Insider Trading as notified by the company from time to time.
 - (d) That he/she has made full and true disclosure in this application.
- 8.4 All directors/designated employees and their dependants 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.
- 8.5 It shall be the responsibility of designated employees/directors to ensure compliance of clause 8.1 to 8.4 above in case of their dependants also.

9. Minimum Period for holding of Securities/Listed Securities

- 9.1 All Directors/designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/officers/designated employees shall also not take positions in derivative transactions in the shares of the company at any time.
- 9.2 In the case of subscription in the primary market (initial public offers), the above mentioned entities 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 after recording in writing his reasons in this regard.

CHAPTER IV

REPORTING AND DISCLOSURE REQUIREMENTS

10. Reporting Requirements by all Designated Employees

10.1 All Directors/designated employees shall forward to the Compliance Officer following details of their securities transactions including the statement of dependent family members:

- (a) all holdings in securities of the company, at the time of joining the company;
- (b) all dealings in securities of the company within a period of seven days of transaction;
- (c) annual statement of all holdings in securities of the Company.

10.2 The Compliance Officer shall maintain records of all the declarations/undertakings/forms as mentioned in this Code, as received from time to time, for a period of three years.

10.3 The Compliance Officer shall place before Chairman & Managing Director\Committee specified by the Company, on a monthly basis, all the details of the dealing in the securities by designated employees/director of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this Code.

11. Disclosure Requirements

Disclosure of Interest or holding by Directors and Officers and Substantial Shareholders

11.1 The following disclosures shall be made to the Compliance Officer:

I. Initial Disclosures

By Whom	What to be disclosed	When to be disclosed	Form
Any person holding more than 5% shares or voting rights	Number of Shares or voting rights held by such person	Within 2 working days of a) receipt of intimation of allotment of shares; or b) acquisition of shares or voting rights, as the case may be.	A
Director/Officer	Number of shares or voting rights and position taken in derivatives by such persons and his dependants	Within 2 working days of becoming a director or officer of the company.	B

II. Continual Disclosures

By Whom	What to be disclosed	When to be disclosed	Form
Any person holding more than 5% shares or voting rights	a) Number of Shares or voting rights held and b) 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 and such change exceeds 2% of total shareholding or voting rights in the Company.	Within 2 working days of : a) Receipt of intimation of allotment of Shares or b) Acquisition or sale of Shares or voting rights, as the case may be.	C
Director/Officer to the Company and Stock Exchange also	a) Number of shares or voting rights held and b) Change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependants from the last disclosure and the change exceeds Rs. 5 Lakh in value or 25,000 shares or 1% of total shareholding or voting rights whichever is lower.	Within 2 working days of : a) Receipt of intimation of allotment of Shares or b) Acquisition or sale of Shares or voting rights, as the case may be.	D

Disclosure by Company to Stock Exchange

11.2 The information received as per above disclosure shall be intimated to all stock exchanges on which the Shares of the company are listed within two working days of receiving the same.

Violation of provision relating to disclosure

11.3 Without prejudice to the directions under regulation 11 of SEBI (Prohibition of Insider Trading) Regulations 1992, if any person violates provisions of these regulations, he shall be liable for appropriate action under Sections 11, 11B, 11D, Chapter VIA and Section 24 of the SEBI Act.

CHAPTER IV
MISCELLANEOUS

12. Penalty for Contravention of the Code

- 12.1 All Directors/Officers/designated employees who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalized and appropriate action may be taken by the Company.
- 12.2 All Directors/Officers/designated employees who violate this Code of Conduct shall also be subject to disciplinary action by the company, which may include wage, salary freeze, suspension, withholding of promotions etc.
- 12.3 The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

13. Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended

- 13.1 In case it is observed by the Company and/or Compliance Officer that there has been violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the Company.

Form I (Refer Clause 8.2 of the Code)
Application for Pre-clearance

(For use by Directors/Officers/ Designated Employees in case deal in the securities of Company above minimum of 200 shares of the Company)

To,
The Compliance Officer
BHEL

Dear Sir,

I am desirous of dealing in the below-mentioned securities of the Company in my own name or on behalf of my dependent family member (write name of family member and relationship) and seek your approval to acquire/ purchase/ sell them.

Type of Security	No. of Shares	Market Price	Mode of acquisition Purchase/ Sale- physical/ Demat	Date by which trade is proposed to be executed	Folio No./ DP ID No./Client ID No. alongwith the name of depository	Present Holding (No. of Shares)	
						Physical	Demat
Equity Shares							

In relation to the above Acquisition/ Purchase/ Sale, I undertake that:

- a) I have no access to nor do I have any information that could be construed as "Price Sensitive Information" upto the time of signing this undertaking.
- b) In case, I get access to or receive any "Price Sensitive Information" after signing this application but before the execution of the transaction, I shall inform you of the change in position and shall refrain from dealing in Shares till such information is made public.
- c) I have not contravened the Company's Code of Conduct for Prevention of Insider Trading as notified by the company from time to time.
- d) I have made full and true disclosure in this application.

Signature:
Name:
Designation:
Department:
Location:

Form 'A'- Initial Disclosure (Refer Clause 11.1 of the Code)

I. DETAILS OF ACQUISITION OF 5% OR MORE SHARES

Name, PAN No. and Address with telephone number	Share-holding prior to acquisition	No. and percentage of shares/voting rights acquired	Date of receipt of allotment/advance. Date of acquisition (specify)	Date of intimation to Company	Mode of Acquisition (Market purchase/public/rights/preferential offer etc.)	Shareholding Subsequent to acquisition	Trading member through whom trade was executed with SEBI Regn. No. of the TM	Exchange on which the trade was executed	Buy qty.	Buy value

Form 'B'- Initial Disclosure (Refer Clause 11.1 of the Code)

II. DETAILS OF SHARES HELD OR POSITIONS TAKEN IN DERIVATIVES BY DIRECTOR OR OFFICER AND HIS DEPENDANTS*

Name, PAN No. and Address of Director/Officer	Date of assuming office of Director/Officer	No. & % of shares/voting rights held at the time of becoming Director/Officer	Date of intimation to Company	Mode of Acquisition (Market purchase/public/rights/preferential offer etc.)	Trading member through whom trade was executed with SEBI Regn. No. of the TM	Exchange on which the trade was executed	Buy qty.	Buy value

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

Form 'C'- Continual Disclosure (Refer Clause 11.1 of the Code)

III. DETAILS OF CHANGE IN SHAREHOLDING IN RESPECT OF HOLDING MORE THAN 5% SHARES

Name, PAN No. and Address	Shareholding prior to acquisition/sale	No. & % of shares/voting rights acquired/sold	Receipt of allotment advice/acquisition of shares/sale of share specify	Date of intimation to company	Mode of Acquisition (Market purchase/public / rights/preferential offer etc.)	No. & % of shares/voting rights post acquisition/sale	Trading member through whom trade was executed with SEBI Regn. No. of the TM	Exchange on which the trade was executed	Buy qty.	Buy value	Sell qty.	Sell value

Form 'D' - Continual Disclosure (Refer Clause 11.1 of the Code)

II. DETAILS OF CHANGE IN SHAREHOLDING BY DIRECTOR OR OFFICER AND HIS DEPENDANTS

Name PAN No. and Address	No. & % of shares / voting rights acquired / sold	Date of Receipt of allotment advice / acquisti on of shares / sale of share / voting rights	Date of intim- ation to compan y	Mode of Acquisiti on (Market purchas e / public / rights / preferen tial offer etc.)	No. & % of shares / post acquisitions / voting rights sale	Trading member through whom trade was executed with SEBI Regn. No. of the TM	Excha nge on which the trade was execut ed	Buy qty	Buy value	sell qty	sell val ue
--------------------------------------	---	---	--	--	---	---	---	------------	--------------	-------------	-------------------