



# एसजेवीएन लिमिटेड

(A Joint Venture of Govt. of India & Govt. of H.P.)

A Navratna Company

CIN: L40101HP1988GOI008409

Our Shared Vision: 25,000 MW by 2030 & 50,000 MW by 2040



कंपनी सचिव विभाग, शिमला

SJVN/CHQ/CS/98/2024- 3744

Date: 23 October 2024

## CIRCULAR

### **Sub: Strict Compliance with SEBI Insider Trading Regulations and SJVN's Insider Trading Code – List of Do's and Don'ts.**

This is to bring into **immediate attention** of all designated persons and employees that the market value of SJVN's equity shares has increased manifold over the last couple of years driven by Company's performance and improved future prospects due to expanding business activities. The rapid rise in share price has drawn the attention of Market Regulator i.e. Securities and Exchange Board of India (SEBI) as well as the Stock Exchanges namely the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) which are closely monitoring and scrutinizing the trading patterns of the shares of the Company.

In recent months, several inquiries and investigations have been conducted by SEBI and the stock exchanges regarding the movement and sharing of Unpublished Price Sensitive Information (UPSI) among insiders and the possibility of insider trading by designated persons/ employees/ connected persons/ or their relatives/acquaintances.

In one such recent investigation carried out by SEBI it was discovered that some Designated Persons/ Employees of the Company had executed trades in violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, and SJVN's Code of Conduct for Regulating, Monitoring, and Reporting of Trading by Insiders. This being the first instance of violation, the concerned individuals were made to surrender all the profits made from such trades. Although, no penal action has been initiated by SEBI this time, the Company has been warned that any future violations may result in **prosecution and penalties** against the defaulting employees as well as the Company..

All employees are reminded of their obligation to ensure full compliance with SEBI regulations and SJVN's Insider Trading Code when dealing in the Company's shares. Designated persons are specifically required to be well-versed with the SEBI regulations and SJVN's Insider Trading Code while dealing in shares of the Company.

Special attention is invited to the penal provisions as contained in the SJVN's Code of Conduct for Regulating, Monitoring, and Reporting of Trading by Insiders, which are reproduced as under:-

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

**13.1 All Designated Persons and Connected Persons 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.**

**13.2 All Designated Persons who violate this Code of Conduct shall also be subject to disciplinary action by the company, which may include wage, salary freeze, suspension, recovery, withholding of promotions etc.**

**13.3 The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.**

**13.4 In case it is observed by the Company and/or Compliance Officer that there has been violation of the Regulations, Stock Exchange shall be informed by the Company.**

For the convenience of all the Designated Persons/ Employees, a list of **DO'S AND DON'TS** and a **COMPLIANCE CHECKLIST** has been prepared and attached as **Annexure** for ready reference.

All the concerned are advised to **strictly comply** with the above and in case of any query/ doubt on the subject may contact Company Secretary Department for clarification.



(Soumendra Das)  
Company Secretary

**Distribution:**

1. All Employees & Designated Persons – Via Email
2. All Heads of Departments.
3. All Head of Projects/ Units/ Offices.
4. CEOs/ CFOs of all Subsidiary Companies.

❖ **Please make all the employees working under you aware of the contents of the Circular.**

**Copy for kind information to: -**

1. CMD/ Director (Projects)
2. Director (Finance) / Director (Personnel)
3. CVO

## **SJVN CODE OF CONDUCT FOR REGULATING & REPORTING TRADING BY INSIDERS AND FOR FAIR DISCLOSURE**

### **LIST OF DO'S AND DON'TS**

#### **LIST OF DO'S**

**1. Maintain strict Confidentiality of UPSI:**

- Always maintain strict confidentiality of **Unpublished Price Sensitive Information (UPSI)**. Ensure that such information is shared only on a need-to-know basis and in the course of legitimate business purposes.
- Complete record of persons from whom such UPSI was received and with whom it was shared is required to be maintained and reported to the Compliance Officer.

**2. Comply with Trading Windows:**

- Trade in the company's securities only during the **open trading window**. Ensure that the trading window is open before executing any transactions.

**3. Pre-Clearance for Large Transactions:**

- Seek **pre-clearance** from the Compliance Officer before trading in the company's securities if the transaction involves more than **2,500 shares** or exceeds the defined threshold.

**4. Report Changes in Holding:**

- Disclose changes in your or your **immediate relatives'** securities holdings as required under the Code. Continuous disclosure is mandatory if the traded value exceeds **Rs. 10 lakh** within a calendar quarter.

**5. Submit Annual Disclosures:**

- Provide annual disclosures of your securities holdings, personal details, and the details of **immediate relatives** or individuals with whom you share a **material financial relationship**.

**6. Formulate Trading Plans:**

- If you have access to UPSI but still want to trade in securities, you may formulate a **trading plan** and get it approved by the Compliance Officer. Ensure that such a plan adheres to the company's rules (e.g., not overlapping, no trading in the 20 days prior to results).

**7. Maintain Records:**

- Maintain proper records of all trades and transactions for at least **five years**, including contract notes, bank statements, and delivery instruction slips, to ensure transparency and compliance.

**8. Follow Legitimate Business Purposes:**

- If you must share UPSI for any reason, make sure it is done in furtherance of legitimate business purposes and that confidentiality agreements are signed when required.

**9. Prompt Disclosure of Price-Sensitive Information:**

- Ensure prompt disclosure of any **unpublished price-sensitive information** to make it generally available to the public and stock exchanges.

## LIST OF DON'TS

### 1. Do Not Trade on UPSI:

- Never trade in the company's securities if you are in possession of UPSI, whether related to financial results, dividends, mergers, acquisitions, or any other material information.

### 2. Do Not Disclose UPSI:

- Never disclose UPSI to anyone, including colleagues, family, or friends, unless it is for legitimate business reasons. Do not communicate UPSI for personal gain.
- Never post/ release any material news or development regarding the Company or its Projects on social media, or mainstream media without prior intimation to the Compliance Officer for dissemination to Stock Exchanges.

### 3. No Trading During Closed Window:

- Do not trade when the **trading window is closed**, especially before important corporate announcements like financial results, dividends, mergers, acquisitions, or changes in capital structure.

### 4. No Contra Trade:

- If you buy or sell securities, do not engage in a **contra trade** (buying after selling or selling after buying) within **six months** of the prior transaction unless a specific relaxation is granted.

### 5. Do Not Seek Pre-Clearance During Closed Period:

- Never apply for pre-clearance of trades when the trading window is closed or if you possess UPSI.

### 6. Do Not Misuse Position:

- Avoid using your position or access to confidential information for personal benefit or to benefit third parties.

### 7. Do Not Execute Unauthorized Trades:

- Do not execute trades without proper pre-clearance and if your previous pre-clearance has expired (i.e., it must be executed within **7 days** of pre-clearance).

### 8. Avoid Selective Disclosure:

- Never disclose information selectively to analysts or investors. Ensure that all disclosures are made equally and fairly to all stakeholders.

### 9. Do Not Violate Code of Conduct:

- Violations of this Code, including unauthorized trades, could lead to **disciplinary actions** such as wage freezes, suspensions, or other penalties, and potential legal actions from SEBI.

## COMPLIANCES CHECKLIST

### 1. Initial and Continual Disclosures

- **Initial Disclosure (Form A):**
  - **Promoters, Directors, Key Managerial Personnel (KMP)** are required to disclose their holdings of securities in the company as of the date of their appointment or upon becoming a promoter.
  - This disclosure must be made within **seven days** of the appointment or becoming a promoter.
- **Annual Disclosure (Form B):**
  - **Designated persons** must submit an annual disclosure listing their and their immediate relatives' holdings of securities, financial relationships, past employers, and contact details.
  - This disclosure is due **within 30 days of the end of each financial year** or within 30 days of any changes.
- **Continual Disclosure (Form C):**
  - Any **Designated Person** who trades in securities and the value exceeds **Rs. 10 lakh** in a calendar quarter must disclose details of the transactions to the company.
  - The company must inform the stock exchanges within **two trading days** of receiving this information.

### 2. Trading Window Compliance

- **Trading Window Restrictions:**
  - Designated persons and their immediate relatives must **trade only during the open trading window**.
  - The **trading window is closed** during specific periods, such as:
    - 10 days prior to Board meetings for quarterly/half-yearly financial results.
    - 30 days before annual financial results.
    - 10 days prior to Board meetings for significant corporate actions (e.g., dividends, mergers, capital changes).
  - Trading window reopens **48 hours after** the unpublished price-sensitive information (UPSI) becomes generally available.

### 3. Pre-Clearance of Trades (Form D)

- **Pre-Clearance Requirement:**
  - **Designated persons** intending to trade more than **2,500 shares** in a single transaction must obtain **pre-clearance** from the Compliance Officer.
  - A **Form D** (application for pre-clearance) must be submitted before executing the transaction.

- Trades must be executed within **seven trading days** after pre-clearance, or fresh pre-clearance is required.
- In case of non-execution, inform the Compliance Officer using **Form E**.

#### 4. No Contra Trading

- **Contra Trade Restrictions:**

- Designated persons are prohibited from **executing a contra trade** (i.e., buying after selling or selling after buying) within **six months** of the last trade.
- Exceptions may be granted by the Compliance Officer in writing under specific circumstances, but profits from such trades must be disgorged to SEBI.

#### 5. Trading Plans

- **Trading Plan (Formulation and Approval):**

- Insiders who are regularly in possession of UPSI can submit a **trading plan** for approval by the Compliance Officer.
- The trading plan must be for a period of **12 months**, and trades can only commence after **six months** from the public disclosure of the plan.
- The trading plan must be approved and publicly disclosed before any trades can occur.

#### 6. Handling and Reporting of UPSI

- **Confidentiality of UPSI:**

- All **Designated Persons** must ensure that UPSI is kept confidential and shared only for legitimate business purposes and only with authorized personnel.

- **Structured Digital Database:**

- A **structured digital database** is required to be maintained by the Compliance Officer recording all instances of UPSI being shared, including the persons involved, with adequate controls to prevent tampering. Accordingly, all designated persons are required to maintain and furnish details of persons from whom such UPSI was sourced and persons with whom it was shared.

#### 7. Record-Keeping

- **Record Maintenance:**

- All designated persons must maintain proper records of their trading activities and any UPSI disclosures for at least **five years**.
- Documentation includes broker's contract notes, bank statements, and delivery instruction slips for the relevant trades.

#### 8. Reporting Violations

- **Violation Reporting:**

- Any contravention of the Code by designated persons or insiders must be reported to the Compliance Officer.

- The company must notify SEBI and relevant stock exchanges in the event of significant violations.

## **9. Penalties and Disciplinary Actions**

- **Penalties for Non-Compliance:**

- Violation of the Code can result in disciplinary actions such as **wage freezes, suspension, or withholding of promotions.**
- The company may also initiate **legal action** or impose penalties as necessary.
- SEBI may impose its own **penalties** for violations of the SEBI Insider Trading Regulations.

## **10. Compliance Officer**

- **Liaison with the Compliance Officer:**

- All communications related to trading, disclosures, and pre-clearance must go through the Compliance Officer.
- Clarifications regarding the Code or any compliance obligations should be sought from the Compliance Officer.