

FERRO ALLOYS CORPORATION LIMITED

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

1. INTRODUCTION

1.1 The Securities and Exchange Board of India (SEBI) had formulated the SEBI (Insider Trading) Regulations, 1992. These regulations came into force with effect from 19th November 1992 and the same were made applicable to all companies whose shares were listed on Indian Stock exchanges.

1.2 SEBI has subsequently amended the existing regulations substantially w.e.f. 20.2.2002. These regulations are now called "Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992" (hereinafter referred to as "the Regulations"). The amended Regulations not only regulate insider trading but also seek to prohibit the same.

1.3 Regulation 3 of the regulations, which prohibits insider trading is reproduced below:

"No Insider Shall-

(i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information;

or

(ii) communicate or counsel or procure, directly or indirectly, any unpublished price, sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities.

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or under any law."

1.4 The amendments impose significant responsibilities on companies and on the Directors, employees and other persons connected with the Companies (e. g. consultants, advisers etc.) not to indulge in or be a party to, insider trading. The amendments also seek to introduce transparency in transactions in the securities of the Company by insiders and impose obligations on the company and its directors and employees to maintain records of transactions, seek prior clearance for certain transactions and submit periodical reports.

1.5 Insider trading denotes dealing in a company's securities by its directors, employees or other persons connected with the company (e.g. consultants, advisers, etc.) while in possession of information known only to them, and not yet made publicly available by the company, which, when made publicly available, can materially affect the price of the company's securities.

- 1.6 It is also mandatory in terms of the Regulations for every listed company to formulate a code of conduct for Prevention of Insider Trading for its Directors, Officers and Employees as also a code of Corporate Disclosure Practices. Accordingly, it has become necessary to formulate this Code of Conduct for FACOR for use by its Directors, Officers and Employees.
- 1.7 This document embodies the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("the Code") to be adopted by the Company w.e.f. 1.3.2005 and to be followed by its Directors, Officers and other Employees from the said date. The Code is also intended:
- (i) to serve as a guiding charter for all concerned persons associated with the functioning of the Company and their dealings in its Securities.
 - (ii) to create focused awareness amongst potential Insiders, and constituents in general, about the basic concepts behind the insider trading regulations, the need for strict compliance with the Regulations and the penalties that may be attracted by non-compliance;
 - (iii) to create the necessary framework for transacting in FACOR's securities, seeking prior clearance for transactions wherever necessary, and a mechanism for periodical reporting of transactions.
 - (iv) to ensure timely and adequate disclosure of Price Sensitive Information to the investors community by the Company to enable them to take informed investment decisions with regard to the Company's Securities.

2. IMPORTANT DEFINITIONS

2.1 "INSIDER" :

"Insider" means any person who'

- (i) 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
- (ii) has received or has had access to such unpublished price sensitive information.

2.2 "Connected person" means any person who –

- (i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956) of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that act or
- (ii) occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and

the company, whether temporary or permanent, and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company;

As per explanation given in the Regulations, for the purpose of this clause the words "connected person" shall include any person who is a connected person six months prior to an act of insider trading.

2.3 **"Person is deemed to be a connected person"** if such person –

- (i) is a company under the same management or group or any subsidiary company thereof within the meaning of section (1B) of section 370, or sub-section (11) of Section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be; or
- (ii) is an intermediary as specified in section 12 of the Act, Investment company, Trustee Company, Asset Management Company or an employee or director thereof or an official of a stock exchange or of clearing house or corporation.
- (iii) is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub-broker, Investment Company or an employee thereof, or, is a member of the 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 who have a fiduciary relationship with the Company;
- (iv) is a member of the Board of Directors, or an employee, of a public financial institution as defined in Section 4A of the Companies Act, 1956; or
- (v) is an official or an employee of a Self Regulatory Organisation recognized or authorized by the Board of a regulatory body; or
- (vi) is a relative of any of the aforementioned persons;
- (vii) is a banker of the company.
- (viii) relative of the connected person;
- (ix) a concern, firm, trust, Hindu Undivided Family, Company, Association of Persons wherein the relatives of persons mentioned in sub-clauses (vi), (vii) and (viii) has more than 10% of the holding or interest"

2.4 **"Unpublished"** means information, which is not published by the company or its agents and is not specific in nature.

As per explanation given in the Regulations, for the purpose of this clause, speculative reports in print or electronic media shall not be considered as published information.

- 2.5 **“Dealing in securities”** means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent;
- 2.6 **“Officer of a company”** means any person as defined in clause (30) of section 2 of the Companies Act, 1956 (1 of 1956) including an auditor of the company;
- 2.7 **“Relative”** means a person as defined in section 6 of the Companies Act, 1956 viz.:

List of Relatives

1. Father	2. Mother (including step-mother)
3. Son (including step-son)	4. Son's wife
5. Daughter (including step daughter)	6. Father's father
7. Father's mother	8. Mother's mother
9. Mother's father	10. Son's son
11. Son's son's wife	12. Son's daughter
13. Son's daughter's husband	14. Daughter's husband
15. Daughter's son	16. Daughter's son's wife
17. Daughter's daughter	18. Daughter's daughter's husband
19. Brother (including step-brother)	20. Brother's wife
21. Sister (including step-sister)	22. Sister's husband

- 2.8 **“Price Sensitive Information”** means any information, which relates, directly or indirectly, to a company and which, if published, is likely to materially affect the price of securities of company.

As per the explanation given in the Regulations, 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 or buy-back of securities,
- (iv) any major expansion plans or execution of new projects,
- (v) amalgamations, mergers or takeovers,
- (vi) disposal of the whole or substantial part of the undrtaking
- (vii) any significant changes in the company's policies, plans or operations

- 2.9 **“Working day”** shall mean the working day when the regular trading is permitted on the concerned stock exchange where securities of the company are listed.

3. THE ESSENCE OF THE REGULATIONS AND THIS CODE:

To prohibit an Insider to deal in the securities of FACOR (viz. subscribing, buying, selling or agreeing to subscribe, buy, sell) either as principal or agent when he is in possession of any

unpublished price Sensitive Information. The prohibition applies to dealings by the Insider on his own behalf or on behalf of any other person.

[The "securities of FACOR", wherever they occur shall mean and include all securities of FACOR which are listed and/or to be listed at any stock exchange, excluding debentures that are not convertible, either fully or in part, into equity shares.]

To prohibit an Insider to communicate or counsel or procure any unpublished price sensitive information relating to FACOR's securities to any person. This prohibition does not apply to any communication required to be made in the ordinary course of business or under any law.

4. CONSEQUENCES OF DEFAULT

Consequences of default include the following:

- (i) Insiders, who violate the regulations shall be liable for appropriate action under sections 11, 11B, 11D, Chapter VIA and Section 24 of the Securities And Exchange Board of India Act, 1992.
- (ii) Additionally, SEBI is also empowered to pass directions to such Insider not to deal in the concerned securities in any particular manner and/or to prohibit him from disposing of the concerned securities and/or to declare the concerned transaction(s) of securities as null and void and/or to direct him to deliver the securities back to the seller or, if buyer is not in a position to give delivery, to pay the market price of the securities prevailing at the time of issue of such direction or at the time of transaction, whichever is high and/or to direct the person to transfer cost or market price of such securities, whichever is high, to Investor Protection Fund of recognized stock exchanges.
- (iii) FACOR is also empowered to take appropriate action against any Employee / Officer / Director who violates this Code. Such action may include wage freeze, suspension, ineligibility for future participation in employee stock option plans (wherever applicable).

5. DEALINGS IN FACOR SECURITIES BY "DESIGNATED PERSONS"

The following categories of persons are notified by FACOR as Designated Persons for the purpose of this Code:

- (i) Directors of FACOR (Managing/ Whole-time as well as Non-Executive)
- (ii) All employees of FACOR in Manager cadre and above
- (iii) Any other employee of FACOR who may be notified by the Compliance Officer in consultation with Managing Director/Joint Managing Director/Executive Director, from time to time, as a Designated Person for the purpose of this Code.

A "Designated Person" is an Insider for the purpose of this Code since such person, on account of his position/grade/cadre or nature of duties/function, is likely to be in possession of unpublished Price Sensitive Information.

In addition to the prohibitions on Insiders described in Para 3 above, this Code imposes certain additional responsibilities and restrictions on “Designated Persons”.

Every Designated person is required to sign and return to the Compliance Officer (see para 7) an undertaking to comply with the Code. The form of the undertaking is attached as **Annexure I**.

6. SPECIAL RESPONSIBILITIES AND RESTRICTIONS ON DESIGNATED PERSONS

The special responsibilities of and restrictions imposed on Designated Persons require each Designated Person to:

- (i) Furnish certain one-time and periodical information relating to holdings and transactions in FACOR securities by self and dependant family members: (See Paras 9 and 10 below).
- (ii) Obtain prior clearance of the Compliance Officer before dealing in FACOR securities exceeding such threshold limit as may be notified from time to time ; (See Para 11 below).
- (iii) Hold FACOR securities for a minimum period; (See Para 12 below).
- (iv) Not to deal in FACOR securities during certain Closed Period as may be notified generally or from time to time; (See Para 13 below).
- (v) Preserve unpublished Price Sensitive Information (See Para 14 below).
- (vi) Adhere with the provisions of the ‘Code of Conduct’ without diluting it in any manner and ensure compliance with the same in letter and spirit.

The formats for submission of information/application by each Designated Person in order to comply with the requirements of the Regulations/this Code are collectively attached as **Annexure I to X**.

7. COMPLIANCE OFFICER

The Board of Directors shall appoint the Company Secretary as the Compliance Officer for the purposes of the Regulations and this Code. If there are any queries or difficulties relating to the Regulations or this Code, the Compliance Officer may be approached for assistance.

The Compliance Officer shall report to the Managing Director or Joint Managing Director or the Executive Director of the Company. The Compliance Officer shall hold the position so long as he is in the employment of the Company. If he resigns or retires from service of the Company, the Head of Finance and/or Accounts shall, till a Compliance Officer is appointed, act as the Compliance Officer.

8. DUTIES OF THE COMPLIANCE OFFICER:

The Compliance Officer shall be responsible for:

- Setting forth policies in consultation with the Managing Director/ Joint Managing Director/Executive Director of the Company.
- In prescribing procedures for various activities referred to in the code.
- Monitoring adherence to the rules for the preservation of "Price Sensitive Information".
- Grant of pre-dealing approvals to the Designated Persons for dealings in the Company's Securities and monitoring of such dealings.
- Implementation of this Code under the general supervision of the Managing Director/Joint Managing Director/Executive Director of the Company and under the overall supervision of the Board of Directors of the Company.

The Compliance Officer shall maintain a record (either manual or in electronic form) of the Designated Persons and their Dependants (see Annexure –II) and changes thereto from time to time.

The Compliance Officer shall place status reports before the Managing Director or Joint Managing Director or Executive Director giving details of dealings in the Securities by the designated persons, alongwith the documents that such persons had executed in accordance with the pre-dealing procedure prescribed under the code on a monthly basis.

9. FURNISHING OF ONE-TIME INFORMATION

9.1 Every Designated Person is required to furnish the names of and relationship with dependent family members, in **Annexure - II**. Dependant family members, for the purpose of this Code means spouse (irrespective of whether the spouse is financially dependent on the Designated Person or not), dependant children and dependant parents. Designated persons are also required to furnish information of any change in dependant family members, within 7 calendar days of such change in the aforesaid Annexure II.

9.2 Every Designated Person at the time of introduction of this code is required to furnish details of FACOR securities held by him or by his dependant family members as on 31st October, 2002, in **Form No.2. (clause now inoperative)**

Every person, who subsequently becomes a Designated Person, is required to furnish details of holdings in **Annexure - III**, within 2 working days of his becoming a Designated Person.

Every Designated Person and any other person to whom this Code applies shall disclose in **Annexure - III**, details of shares held or position taken in derivatives by him and his dependents within 2 days of his joining in Annexure III.

10. FURNISHING OF PERIODICAL INFORMATION/ EVENT BASED INFORMATION

- 10.1 Every Designated Person is required to furnish half yearly details of all Transactions in FACOR securities of himself as well as of his dependant family members, in **Annexure - IV**, as per the following schedule:

<u>For the half year :</u>	<u>On or before:</u>
1 st January to 30 th June	7 th July
1 st July to 31 st December	7 th January

The first of such disclosures is required to cover the period from 1st April, 2003 up to 28th February 2005 and should be made by 7th March 2005.

- 10.2 Every Designated Person, on becoming a holder of more than 5% shares or voting rights is required to disclose, in **Annexure V**, the number of shares or voting rights held by him, within 2 working days of:

- ◆ the receipt of intimation of allotment of shares; or
- ◆ the acquisition of shares or voting rights, as the case may be

- 10.3 Every Designated Person who is a director (either Managing/Whole-time or Non-Executive) or an Officer is also required to disclose, in **Annexure - VI**, any change in his shareholding or voting rights since the last disclosures, which exceeds the lowest of the following:

- ◆ Rs. 5 lakhs in value
- ◆ 25000 shares
- ◆ 1% of the total shareholding or voting rights.

The shareholding or voting rights after the change, also needs to be disclosed.

This disclosure is required to be made within 2 working days of:

- ◆ the receipt of intimation of allotment of shares; or
- ◆ the acquisition/disposal of shares or voting rights, as the case may be.

- 10.4 Every Designated Person and any other person to whom Para 10.3 of this Code applies, is also required to disclose, in **Annexure - VII**, any change in his shareholding or voting rights since the last disclosure, if the change in his shareholding or voting rights since the last disclosure, exceeds 2% of total shareholding or voting rights, this disclosure is required, even if such change results in the shareholding or voting rights falling below 5%. The shareholding or voting rights after the change, also needs to this disclosure is required to be made within 2 working days of:

- ◆ the receipt of intimation of allotment of shares; or
- ◆ the acquisition or sale of shares or voting rights,

as the case may be.

- 10.5 If so demanded by the Compliance Officer, Designated Persons are required to furnish copies of account statements of FACOR securities, or such other documents as may reasonably be required by the Compliance Officer, in order to enable him to verify the accuracy of the information furnished, and monitor adherence with this code, by Designated Persons. Such statement or other document is required to be submitted within 7 calendar days of demand or within such extended period as may be allowed by the Compliance Officer.

11. PRE-CLEARANCE OF DEALINGS IN FACOR SECURITIES

- 11.1 Every Designated Person and their dependants are required to obtain pre-clearance from the Compliance Officer before such person and/or any of his dependant family members, deals or intends to deal in FACOR securities (either buy/acquire or sell/dispose of), if the number of securities involved in the deal equals or exceeds, in the aggregate, such threshold limit as may be notified from time to time.
- 11.2 The threshold limit applicable to equity shares of FACOR is hereby notified as 25000 shares for the time being. This is, however, subject to change after notice.
- It is clarified that the threshold limit would apply in respect of one type of transaction, i.e. either buy/acquire or sell/dispose of.
- 11.3 If the aggregate of dealings in FACOR securities made within 7 calendar days of each other by the Designated Person and/or any of his dependant family members exceeds the threshold limit, the second and subsequent deals, if any, within 7 calendar days of each other, will require pre-clearance, although each such deal may individually pertain to less than the threshold limit.

Illustration 1:

A Designated Person Mr. ABC proposes to purchase (or sell) 25000 shares of FACOR on 19th August. This transaction will require pre-clearance since it equals/exceeds the threshold limit.

Illustration 2:

Mr. ABC proposes to purchase 5000 shares of FACOR on 19th August. Mrs. ABC proposes to purchase 20000 shares of FACOR on the same date. Both transactions will require pre-clearance, since the aggregate equals/exceeds the threshold limit.

Illustration 3:

Mr. ABC purchases 3000 shares of FACOR on 19th August. This transaction does not require pre-clearance since it is within the threshold limit. Mr. ABC (or Mrs ABC) proposes to purchases 25000 shares of FACOR on 23rd August. The second transaction will require pre-clearance, since it would fall within 7 calendar days of the

first transaction, and the aggregate of both transactions would equal/exceed the threshold limit.

In the above illustration, if Master ABC (or Mr ABC or Mrs ABC) proposes to purchase 1000 shares of FACOR on 29th August, this third transaction would also require pre-clearance, since it would fall within 7 calendar days of the second transaction, and the aggregate of all transactions within 7 calendar days of each other would exceed the threshold limit.

If the third transaction as above (relating to 1000 shares of FACOR) is proposed to be entered into on 2nd September, i.e. more than 7 calendar days from the second transaction, then it would not require pre-clearance.

Illustration 4:

Mr. ABC purchases 20000 shares of FACOR on 1st August and sells 20000 shares of FACOR on 6th August. This is not allowed in view of prohibition on entering into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction (refer clause 12A hereinbelow).

- 11.4 The application for pre-clearance is required to be made to the Compliance Officer in **Annexure - VIII** and the pre-clearance, if granted, shall be valid for 7 calendar days following the date of pre-clearance. In other words, the pre-cleared transaction is required to be executed within 7 calendar days following the date of pre-clearance, failing which pre-clearance would be required to be sought afresh. A unique pre-clearance number ("PC No.") will be allotted by the Compliance Officer to each approved request for pre-clearance, for administrative purposes. The pre-clearance granted would, however, become void with immediate prospective effect if a Closed Period/ Special Closed Period is announced during the validity of the pre-clearance (See Para 13).

Illustration 1:

The Compliance Officer receives an application for pre-clearance on 16th September and pre-clearance is granted on 17th September. In the normal course, the pre-clearance would be valid up to and including 24th September. If however, a Closed Period is announced with effect from 20th September onwards, the pre-clearance would become void prospectively with effect from 20th September. Transactions already entered into up to 19th September, pursuant to the pre-clearance, would be in conformity with the Code. Transactions entered into on 20th September and thereafter, pursuant to the pre-clearance, would however be considered to be in violation of the Code.

Illustration 2:

The Compliance Officer receives an application for pre-clearance on 26th September and pre-clearance is granted on 27th September. In the normal course, the pre-clearance would be valid up to and including 4th October. Since however the period from 1st October onwards is notified as one of the Fixed Closed Periods (see Para

13.2), the pre-clearance would become void prospectively with effect from 1st October onwards. Transactions already entered into up to 30th September, pursuant to the pre-clearance, would be in conformity with the Code. Transactions entered into on 1st October and thereafter, pursuant to the pre-clearance, would however be considered to be in violation of the Code.

- 11.5 The Designated Person is required to confirm to the Compliance Officer, in **Annexure - IX**, within 7 calendar days of the transaction or within 7 calendar days of the expiry of the validity of the pre-clearance, whichever is earlier, that the pre-cleared transaction has been executed or has not been executed, as the case may be. The PC No. (see Para 11.4) is required to be quoted in this confirmation.
- 11.6 In the event neither approval nor rejection of the application for pre-clearance is granted by the Compliance Officer within 2 working days following the date of receipt of the application by the Compliance Officer, the Designated Person may proceed with the execution of the applied-for transaction as if pre-clearance has been granted on the 2nd working day following the date of receipt of the application by the Compliance Officer. The Designated Person is however required mentioning the fact of such deemed pre-clearance in the confirmation required to be submitted by him to the Compliance Officer in Annexure - IX. For the purpose of validity of such deemed pre-clearance, it is clarified that the date of such deemed pre-clearance shall be the 2nd working day following the date of receipt of the application by the Compliance Officer and the deemed pre-clearance shall be valid for 7 calendar days following such date. The deemed pre-clearance would however become void with immediate prospective effect if a Closed Period/ Special Closed Period is announced during the validity of the deemed pre-clearance (see Para 13).

Illustration:

The Compliance Officer receives an application for pre-clearance on 14th August. If neither approval nor rejection of the application is granted by the Compliance Officer up to and including 17th August (15th August, being a non-working day is excluded for the purpose of calculating 2 working days), pre-clearance will be deemed to have been granted on 17th August. The deemed pre-clearance would, in the normal course, be valid up to and including 24th August. If a Closed Period is announced during the validity of this deemed pre-clearance, the consequences outlined in the illustrations under Para 11.4 above would follow.

- 11.7 **The attention of Designated Persons is specially drawn to the declaration and undertaking which forms an important and integral part of the application for pre-clearance.** The declaration and undertaking, inter alia, states to the effect that the Designated Person is not in possession of unpublished Price Sensitive Information relating to FACOR securities at the time of signing of the declaration and undertaking and that should he receive any such unpublished Price Sensitive Information, after signing but before execution of the applied-for transaction, he will refrain from executing the transaction.

It is important to note that any violation of this declaration and undertaking is liable to attract the serious consequences of default specified in Para 4 of this Code.

12. MINIMUM HOLDING PERIOD FOR FACOR SECURITIES

Designated Persons and their dependant family members should not sell or otherwise dispose of FACOR securities within 6 months from the date of purchase/allotment. The minimum holding period specified herein is applicable to all securities purchased, whether pursuant to the procedure for seeking pre-clearance under Para 11 of this Code, or otherwise.

Provided that minimum holding for shares acquired by way of subscription in the primary market shall be 30 days. The minimum period of holding commences from the date when the securities are actually allotted.

Designated Persons may however apply to the Compliance Officer, in **Annexure - X** for waiver of the minimum holding period, if there is a need to sell the said securities, due to personal emergency.

12A PROHIBITION ON ENTERING OPPOSITE TRANSACTIONS

All Directors/Officers/Designated Persons 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. Further, all Directors/Officers/Designated employees shall also not take positions in derivative transactions in the shares of the Company at any time.

13. PROHIBITION ON DEALING DURING CLOSED PERIODS

13.1 A "Closed Period" is such period as may be notified by the Compliance Officer, either generally ("Fixed Closed Period) or from time to time ("Event-based Closed Period"), during which Designated Persons and their dependant family members are prohibited from dealing in FACOR securities. A "Special Closed Period" may also be notified by the Compliance Officer from time to time, which would apply only to specified Designated Persons who would be individually notified. During such Special Closed Periods, only the individually specified Designated Persons who have been notified and their dependant family members are prohibited from dealing in FACOR securities.

13.2 The following periods are hereby notified as Fixed Closed Periods:

- (i) From 1st July of every year up to calendar day after the date of the Board Meeting to take on record the unaudited financial results for the first quarter.
- (ii) From 1st October of every year up to 1 calendar day after the date of the Board Meeting to take on record the unaudited financial results for the second quarter/half year.
- (iii) From 1st January of every year up to 1 calendar day after the date of the Board Meeting to take on record the unaudited financial results for the third quarter.

- (iv) From 1st April of every year up to 1 calendar day after the date of the Board Meeting to take on record the un-audited financial results for the quarters.

The dates of the respective Board Meetings for the above purposes will be notified by the Compliance Officer.

- 13.3 Event based Closed Periods will be notified by the Compliance Officer from time to time as per requirement. Events which may necessitate notification of Closed Periods will include intended declaration of interim and/or final dividend, proposal for issue of bonus shares, proposal for buy-back of shares/issues of shares on rights basis, proposal for merger, etc.
- 13.4 Special Closed Periods will be notified by the Compliance Officer from time to time, as per requirement, to specified Designated Persons. Events including, but not restricted to, those specified in Para 13.3 of this Code require a certain period of preparation and pre-work, in which certain Designated Persons are involved. This necessitates notification of Special Closed Periods applicable only to such specified Designated Persons.

The specified Designated Persons to whom such a Special Closed Period may be notified, are also prohibited from communicating the notification of such Special Closed Period to any other person.

- 13.5 **During Closed Periods/Special Closed Periods, all dealings in FACOR securities are prohibited, whether the same are within, or in excess of, the threshold limit notified under Para 11.2 of this Code, i.e. whether requiring pre-clearance or not. Applications for pre-clearance will not be entertained during Closed Periods/Special Closed Periods and Designated Persons would need to apply afresh after the expiry of the Closed Period/Special Closed Period, if they intend to enter into the applied for transaction.**

If a Closed Period/Special Closed Period is announced after the grant or deemed grant of pre-clearance but during the validity period of such pre-clearance or deemed pre-clearance(see Paras 11.4 and 11.6), the pre-clearance or deemed pre-clearance shall immediately become void prospectively. Transactions already entered into prior to the announcement of the Closed Period/Special Closed Period, will however not be considered to be violative of this Code.

14. PRESERVATION OF SENSITIVE INFORMATION

Every Designated Person is required to maintain strict confidentiality of all unpublished Price Sensitive Information and are prohibited from passing on such information to any person directly or indirectly. Attention is specifically drawn to Regulations 3(ii) of the Regulations. (See sub para 1.3 of para 1)

15. CONCLUSION

Every Designated Person is required to familiarize himself with the enclosed Regulations. Designated Persons are also required to ensure that their relatives (and in particular their dependant family members) and persons connected with them, do not violate the Regulations in letter and in spirit.

While a person may cease to be a Designated Person on retirement, resignation, etc. (and consequently would cease to be subject to this Code), he would continue to be an Insider for the purpose of the Regulations for a period of 6 months from separation (and consequently would continue to be subject to the Regulations). It is important to note that notwithstanding the definition of dependant family members in this Code (see Para 9.1), all relatives (as defined under the Companies Act, 1956) of Designated Persons are covered under the definition of Insider (see Para 2.1) and are accordingly liable to comply with the Regulations.

Please approach the Compliance Officer (see Para 7) for assistance, if required.

**Form of Undertaking to comply with the FACOR code of Conduct for Prevention of
Insider Trading
(See Para 5)**

TO,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Dear Sir,

1. I acknowledge receipt of a copy of the FACOR Code of Conduct for Prevention of Insider Trading ("the Code") together with a copy of the SEBI (Prohibition of Insider Trading) Regulations 1992 ("the Regulations")
2. I understand that I am a Designated Person for the purpose of the Code and that, consequently, I am subject to certain additional responsibilities and restrictions that have been imposed upon Designated Persons under the Regulations and the Code.
3. I confirm that I have read and understood the Regulations and the Code and in particular, the additional responsibilities and restrictions that have been imposed upon me, by virtue of my being a Designated Person.
4. I hereby undertake to abide in letter and spirit by the Regulations and the Code. I fully understand that non-compliance with the Regulations or the Code may attract certain penal consequences including, but not restricted to those specified in Para 4 of the Code.
5. This undertaking shall take effect immediately upon my signing the same and shall remain in force as long as I continue to be a Designated Person and for six months after I cease to be a Designated Person.

Yours faithfully,

Signature _____

Name _____

Address _____

Form for initial disclosure of details of dependant family members (See Para 9)

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Pursuant to Para 9.1 of the FACOR Code of Conduct for Prevention of Insider Trading, I furnish hereunder details of my dependant family members.

Name of dependant family member

Relationship

Yours faithfully,

Signature _____

Name _____

Address _____

Notes :

- (1) *Dependant family member means spouse (irrespective of whether the spouse is financially dependant on the declarant or not), dependant children and dependant parents.*
- (2) *Details of FACOR securities held by the declarant and dependant family members are required to be furnished in Annexure - II (See Para 9.2).*
- (3) *Any additions to dependant family members together with details of FACOR securities held by such dependant (s) are required to be furnished within 7 calender days (See Para 9.1).*

Form for initial disclosure of holdings of FACOR securities held by self and by dependant family members (See Para 9)

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Pursuant to Regulation 13 (2) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and Para 9.2 of the FACOR Code of Conduct for Prevention of Insider Trading (hereby known as "the Code"), I furnish hereunder details of holdings of FACOR securities held and position taken in derivatives by myself as well as by my dependant family members as on _____ (date). I undertake to furnish, on demand, copies of account of FACOR securities and other documents as required as per Para 10.5 of the Code.

<i>Name, PAN No. & Address of Director / Officer</i>	<i>Date of assuming office of Director / Officer</i>	<i>No. & % of shares/voting rights held and/ or position taken in Derivatives at the time of becoming Director/Officer</i>	<i>Date of intimation to company)</i>	<i>Mode of acquisition (market purchase / public / rights / preferential offer etc.)</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

Yours faithfully,

Signature _____

Name _____

Address _____

Disclosure for the Designated person and his dependent must be made separately.

Form for half yearly disclosure of transactions of FACOR securities of self and dependant family members (See Paras 10, 12 and 12A)

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Pursuant to Para 10.1 of the FACOR Code of Conduct for Prevention of Insider Trading ("the Code). I furnish hereunder details of transactions during the half year ended 30th June, 2006 of FACOR securities by, and balance holding as on said date of, myself as well as my dependent family members. I undertake to furnish, on demand, copies of account statements of FACOR securities or other documents as per Para 10.5 of the Code.

I declare that I have complied with the requirement of pre-clearance under Para 11 of the Code, wherever applicable, and the respective pre-clearance number (OC No.) is furnished hereunder.

I further declare that I as well as each of my dependent family members have/has complied with the requirements of minimum holding period of as specified in Para 12 and 12A.

Sl. No.	Name (See Note below)	Date of Transaction	Description of FACOR Security	Quantity Bought/ (sold) @	PC No. (\$)	Rate (Rs.)	DP ID & Client ID/ Folio No.	Balance after transaction

Yours faithfully,

Signature :

Name & Address:

Note: Please furnish details relating to self/each dependent family member, even if there has been no transaction during the half year covered by this disclosure by self or any dependent family member. State "NIL" if necessary.

@ Please disclose each transaction separately
(See Para 11.6)

(\$) State "deemed" if applicable

**Form for disclosure of shareholdings or voting rights in excess of 5%
(See Para 10.2)**

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Pursuant to Regulations 13(1) of the SEBI (Prohibition of Insider Trading) Regulations 1992 and Para 10.2 of the FACOR Code of Conduct for Prevention of Insider Trading, I furnish hereunder details of total number of shares or voting rights held by me which are in excess of 5% of the total shareholding/ voting rights of FACOR.

<i>Name, PAN No. & address of shareholder with telephone number</i>	<i>Shareholding prior to acquisition</i>	<i>No. and percentage of shares /voting rights acquired</i>	<i>Date of receipt of allotment /advice. Date of acquisition (specify)</i>	<i>Date of intimation to Company</i>	<i>Mode of acquisition (market purchase / public / rights / preferential offer etc.)</i>	<i>Shareholding subsequent to acquisition</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>

Yours faithfully,

Signature _____

Name _____

Address _____

Form for disclosure by Directors of transactions of FACOR securities in excess of certain limits (See Para 10.3)

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Pursuant to Regulations 13(4) of the SEBI (Prohibition of Insider Trading) Regulations 1992 and Para 10.3 of the FACOR Code of Conduct for Prevention of Insider Trading, I furnish hereunder details of total number of shares or voting rights held by me and change in shareholding or voting rights, by reason of change in such holdings from the last disclosure of holdings made, and such change exceeds the least of the following:

- ❖ **Rs. 5 Lakhs in Value**
- ❖ **25000 shares**
- ❖ **1% of the total shareholding or voting rights**

<i>Name, PAN No. & address of shareholder with telephone number</i>	<i>No. & % of shares / voting rights held by the Director / Officer</i>	<i>Date of receipt of allotment advice / acquisition / sale of shares / voting rights</i>	<i>Date of intimation to Company</i>	<i>Mode of acquisition (market purchase / public / rights / preferential offer etc.)</i>	<i>No. & % of shares / post acquisition / voting rights sales</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>	<i>Sale quantity</i>	<i>Sale value</i>

Yours faithfully,

Signature _____

Name _____

Address _____

@ Please disclose each transaction separately.

**Form for disclosure of changes in shareholding/ voting rights exceeding 2% by persons who had held shares or voting rights in excess of 5% at any time
(See Paras 10.3 and 10.4)**

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Pursuant to Regulations 13(3) of the SEBI (Prohibition of Insider Trading) Regulations 1992 and Para 10.3 and 10.4 of the FACOR Code of Conduct for Prevention of Insider Trading, I furnish hereunder details of changes in shareholding/voting rights exceeding 2%:

<i>Name, PAN No. & address of shareholder with telephone number</i>	<i>Shareholding prior to acquisition</i>	<i>No. and percentage of shares /voting rights acquired</i>	<i>Receipt of allotment advice / acquisition of shares / sale of shares (specify)</i>	<i>Date of intimation to Company</i>	<i>Mode of acquisition (market purchase / public / rights / preferential offer etc.)</i>	<i>No. & % of shares / voting rights post-acquisition / sales</i>	<i>Trading member through whom the trade was executed with SEBI Registration No. of the TM</i>	<i>Exchange on which the trade was executed</i>	<i>Buy quantity</i>	<i>Buy value</i>	<i>Sale quantity</i>	<i>Sale value</i>

Yours faithfully,

Signature _____

Name _____

Address _____

@ Please disclose each transaction separately.

Form for application for "Pre-Clearance" of dealings of FACOR Securities
(See Paras 11 and 12)
(Please apply separately for self and each dependant family member)

To,
 The Compliance Officer,
 FERRO ALLOYS CORPORATION LIMITED
 82, Okhla Industrial Estate, Phase - III
 New Delhi- 110020

Date :

Dear Sir,

Pursuant to Para 11.4 of the FACOR Code of Conduct for Prevention of Insider Trading, I hereby apply for "Pre-clearance" of dealings in FACOR securities as per details given below, which are equal/ in excess of the current threshold limit. The deal is proposed to be executed by _____ (enter here name of self or name of dependant family member, as applicable)

Sl. No.	Description of FACOR Security	Quantity proposed to be bought / (sold)	DP ID & Client ID/ Folio No.	Balance held as of date (prior to proposed dealing)

I hereby declare/undertake that:

1. Up to the time of signing this declaration and undertaking, I have not had access to and have not received Price Sensitive Information as defined in the SEBI(Prohibition of Insider Trading) Regulations, 1992, ("the Regulations");
2. In the event I have access to or receive Price Sensitive Information as defined in the Regulations, after the signing of this declaration and undertaking but before execution of transaction applied for herein, I undertake that I shall inform you accordingly and I would completely refrain from dealing with FACOR securities till such time the said Price Sensitive Information becomes public.
3. I have not contravened the FACOR Code of Conduct for Prevention of Insider Trading.
4. I have made a full and true disclosure in the matter.
5. I 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.
6. I shall not take positions in derivative transactions in the shares of the Company at any time.

I understand that in the event the applied for transaction is not executed within 7 calendar days of your approval, I shall not be eligible to execute the transaction unless fresh approval is granted upon application.

I further understand that I am required to confirm execution of the applied for transaction or as the case may be, intimate non-execution of the same, within 7 calendar days of execution or as

the case may be, expiry of validity of approval, as required under Para 11.5 of the FACOR Code of Conduct for Prevention of Insider Trading.

An early response to this application is requested.

Yours faithfully,

Signature _____

Name _____

Address _____

Phone No./ Fax No. _____

**Form for confirmation of execution/ non-execution of pre-cleared transaction
(See Para11)**

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

Sub : PC No. _____

Name of transacting person : (self/ dependant family member) _____

(if transaction executed without pre-clearance but as permitted under Para 11.6,
Please state "deemed" together with date of pre-clearance application)

Pursuant to Paras 11.5/11.6 of the FACOR Code of Conduct for Prevention of Insider Trading, I hereby confirm execution/non execution of the pre-cleared transaction bearing the above mentioned PC No., as under

Sl. No.	Description of FACOR security	Quantity actually bought/ (sold) @	DP ID & Client ID/Folio No.	Balance held as of date (after the transaction)

Yours faithfully,

Signature _____

Name _____

Address _____

@ Please state "Nil" if pre-cleared transaction was not executed.

Form for waiver of minimum holding period (See Para 12)

To,
The Compliance Officer,
FERRO ALLOYS CORPORATION LIMITED
82, Okhla Industrial Estate, Phase - III
New Delhi- 110020

Date :

Dear Sir,

I / _____(enter name of dependant family member, if applicable)
had acquired _____shares/other securities (specify) of FACOR on _____ (Ref: DP ID &
Client ID No. _____ or Folio No. _____).

I had obtained pre-clearance vide PC No. _____ (State "deemed" if Para 11.6 applies or "not-
applicable" if the acquisition was below the threshold limit, not requiring pre-clearance)

I request that the minimum holding period of 6 Calendar months / 30 calendar days (in case of
subscription in the primary market # (initial public offers), as required under Para 12 of the FACOR
Code of Conduct for Prevention of Insider Trading be waived in respect of my above mentioned
holding, in view of the following personally emergency:

(Specify here the reason for making the request for waiver)

Yours faithfully,

Signature _____

Name _____

Address _____

Minimum holding period of 30 days is applicable only for the shares acquired in the Primary Market
(initial public offers).