

**POLICY ON INSIDER TRADINGS**  
**OF**  
**MODERN CONVERTERS LIMITED**

## INSIDER TRADING POLICY

### PREAMBLE

The Securities and Exchange Board of India ("SEBI") has, in pursuance of the powers conferred on it under the Securities and Exchange Board of India Act, 1992, notified a Regulation for prohibition of Insider Trading, viz., SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations").

### DEFINITIONS

- a) "Act" means Securities and Exchange Board of India Act, 1992;
- b) "Board" means Securities and Exchange Board of India;
- c) "Board of Director" means Board of Directors of MODERN CONVERTERS LIMITED;
- d) "Company" means MODERN CONVERTERS LIMITED;
- e) "Compliance Officer" means the Company Secretary or any other officer of the Company who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Regulations and authorized/designated by the Board of Directors to discharge the duties of the Compliance Officer under the regulations;
- f) "Connected Person" means:
  - i. Any person who is or has during the six months prior to the concerned act been associated with the company, directly or indirectly in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
  - ii. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established-
    - ✓ An immediate relative of connected persons specified in clause (i) or
    - ✓ A holding company or associate company or subsidiary company or
    - ✓ An intermediary as specified in section 12 of the Securities and Exchange Board of India Act, 1992 or an employee or director thereof or
    - ✓ An 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 or
    - ✓ A member of board of trustee of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof or
    - ✓ A member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013 or
    - ✓ An official or an employee of a self-regulatory organization recognized or authorized by the Board or
    - ✓ A banker of the company or
    - ✓ A concern, firm, trust, Hindu undivided family, company or association of person wherein a director of a company or his immediate relative or banker of the company, has more than ten percent (> 10%) of the holding or interest.
- g) "Designated person" means:
  - i. A Director
  - ii. All employees of the Company at Assistant General Manager Level and above.
  - iii. All employees, irrespective of above level, employed in the Finance and Secretarial Department, as well as in the Offices of the Chairman / Managing Director / Executive Director, by whatever name designated and such other employees who may be so designated, from time to time, by the Company for the purposes of this Code and who would be reasonably expected to have access to unpublished price sensitive information relating to

the Company as defined in this Code or the Regulations.

h) "Employee" means a person who is in temporary or permanent employment of the company and who would be reasonably expected to have access to unpublished price sensitive information relating to the Company.

i) "Generally available information" means information that is accessible to the public on a non-discriminatory basis i.e. information published on the website of a Stock Exchange.

j) "Immediate relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities. Immediate relatives of a Connected Person will also be deemed to be connected until and unless contrary is being proved.

k) "Insider" means any person who is:

- i. a connected person or
- ii. in possession of or having access to unpublished price sensitive information regardless of the means of his/her being in possession of the unpublished price sensitive information unless the contrary is being proved.

l) "Unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:-

- financial results
- dividends
- change in capital structure
- mergers, de-mergers, acquisition, delisting, disposal and expansion of business and such other transactions
- change in key managerial personnel and
- material events in accordance with the listing agreement

m) "Trading day" means a day on which the recognized stock exchanges are open for trading. n) "Trading" means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly. All other words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992. The Securities Contracts (Regulation) Act, 1956, The Depositories Act, 1996 or the Companies Act, 2013 and rules and regulation made there under shall have the meanings respectively assigned to them in that legislation.

#### **DUTIES OF COMPLIANCE OFFICER**

Compliance Officer shall act under the overall supervision of the Board and shall be responsible for:

- a) Implementation of the Code and monitoring adherence to the Code under the overall supervision of the Board.
- b) Pre-clearance of trades of designated persons.
- c) Maintaining details of the securities held by designated persons, dealing in the securities by designated persons and declarations given under the Code.
- d) Preserving the disclosures made under these regulations for a minimum period of Five (05) Years mandatorily, in such form as may be specified.
- e) Maintain a list of such securities to be used as a "Restricted List" to be used as a base for approving or rejecting the applications for pre- clearance of trades as being presented to him/her for approval.

#### **RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS**

##### Communication or procurement of unpublished price sensitive information:

No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Notwithstanding anything contained in this regulation, unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:

- a) Entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of the opinion that is in the best interests of the Company;
- b) Not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is informed opinion is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors mat determine.

For the purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information. The board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

#### Trading when in possession of unpublished price sensitive information

No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information, provided the insider may prove his innocence by demonstrating the circumstances including the following;

- a) In the case of non-individual insiders the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision making individuals were not in possessions of such unpublished price sensitive information when they took the decision to trade.
- b) Appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached.

In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board. The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

#### **Trading Plans**

An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan. Such trading plan shall:

- a) Not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- b) Not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the Securities and the second trading day after the disclosure of such financial results;
- c) Entail trading for a period of not less than twelve months;

- d) Not entail overlap of any period for which another trading plan is already in existence;
- e) Set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- f) Not entail trading in securities for market abuse.

The Compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan. Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

### **Trading Window**

- 1) The Designated persons and their immediate relatives can trade company shares only during the trading window.
- 2) The trading window shall be closed when Compliance Officer determines that designated person or a class of designated person are expected to be in possession of unpublished price sensitive information.
- 3) The trading window shall remain closed for a period of atleast seven days prior to the happening of any of the following events in general
  - a) Declaration of financial results (quarterly, half yearly and annually);
  - b) Declaration of Dividend;
  - c) Issue of securities by way of public / rights / bonus etc.;
  - d) Any major expansion plans or execution of new projects;
  - e) Amalgamation, mergers, acquisitions, takeovers and buy back of shares;
  - f) Disposal of whole or substantially the whole of the company;
  - g) Any changes in policies, plans or operations of the company;
  - h) Acquisition, de-merger, restructuring, scheme of arrangement, spin-off of divisions etc.; Consolidation / splitting of shares;
  - i) Voluntary de-listing of shares by the company;
  - j) Forfeiture of shares;
  - k) ADR / GDR or any other class of securities to be issued abroad;
  - l) Cancellation of dividend/right/bonus etc.
- 4) The Compliance Officer (in consultation with the Board of directors of the company) may for a longer period, close the Trading Window for the events mentioned above or on any such other matter as they deem fit after taking into account the sensitivity of the event / case.
- 5) The Compliance Officer shall take all reasonable steps to ensure that the designated persons and/or Insiders are informed in advance, about the date of closing and opening of the Trading Window.
- 6) The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.
- 7) The trading window shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.
- 8) In case of Employee Stock Option Plans (ESOPs), exercise of option may be allowed during the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.

### **Pre-Clearance of traders' clearance of trades**

All Designated persons of the Company who intend to deal, on their behalf and / or on behalf of their dependent family members, in the securities of the Company and where the number of shares intended to be dealt exceeds 1000 shares in single trade and 3000 shares in a week, should pre-clear the transactions as per the pre-dealing procedure as described hereunder. Any pre cleared trade not executed by the designated person within 7 days of its pre clearance would require fresh clearance for the trades to be executed. An application may be made in the prescribed format, to the Compliance Officer indicating the estimated number of securities that the Designated person intend 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 specified in this behalf. Along with the request for pre-clearance of transaction, an undertaking shall be executed in favour of the Company by such Designated person, that he is not in possession of unpublished price sensitive information. An undertaking shall be executed by the director / officer / designated employee as per the format annexed herewith as per prescribed format. No contra trade shall be executed by the designated person within the period six months from date of execution of the pre-cleared trade. The Compliance Officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. In case of execution of a contra trade, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by the Board under the Act.

## **DISCLOSURES OF TRADING BY INSIDERS**

### **Initial Disclosures:**

Every promoter, key managerial personnel and director of every company whose securities are listed on any recognized stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect;

Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

### **Continual Disclosures:**

Every Promoter, Member of the promoter group, designated person and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transactions if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosures or from becoming aware of such information.

### **Disclosure by other connected persons:**

Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company, in such form and at such frequency as may be determined by the company in order to monitor compliance with these regulations.

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