



MODERN INDIA LIMITED

POLICY ON LEGITIMATE PURPOSE

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (Regulations) have been notified which will come into force from 1st April, 2019. Regulation 3(2A) of the Regulations require the Board of Directors of listed companies to make a policy for determination of “legitimate purposes” as a part of “Codes of Fair Disclosure and Conduct” formulated under Regulation 8. The Board of Directors have formulated Codes of Fair Disclosure and Conduct at their meeting held on 28th May, 2015.

Applicability : The policy will be applicable to all persons who are in receipt of Unpublished Price Sensitive Information pursuant to a “legitimate purposes” and those persons shall be considered as “Insider” and due notice shall be given to such persons to maintain confidentiality of unpublished price sensitive information in compliance with these Regulations.

Illustrative list of insiders includes but not limited to:

- a. Directors and their immediate relatives
- b. All Designated Persons and their immediate relatives
- c. Partners / Sr. Managers / Managers of Statutory Auditors
- d. Partners and Sr. Managers of Secretarial Auditor
- e. Cost Auditor and Sr. Manager
- f. Bankers i.e. DGM, AGM, Sr. Managers / Managers and Staff connected to the Company in respect of banking facilities given / to be given to the Company.
- g. Advertising Agencies and their Partners / Directors

"Unpublished price sensitive information" (UPSI) means any information, relating to a company or its securities, directly or indirectly, that is not generally available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: – (i) financial results; (ii) dividends; (iii) change in capital structure; (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions; (v) changes in key managerial personnel.

NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

Sharing of UPSI :

1. The sharing of UPSI in the ordinary course of business for legitimate purposes by the Company with Partners, Collaborators, Lenders, Customers, Suppliers, Merchant Bankers, Legal Advisors, Auditors, Insolvency Professionals, other Advisors and Consultants.
2. Any person in receipt of UPSI pursuant to “legitimate purposes” shall be considered as “insider” and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the regulations.
3. UPSI may be communicated, provided, allowed, access to or procured, in connection with a transaction that would :

- (i) entail an obligation to make an open offer under the takeover regulations where the Board of directors of the Company is of informed opinion that sharing of such information is in the best interests of the company;

NOTE: It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.

- (ii) not attract the obligation to make an open offer under the takeover regulations but where the Board of directors of the Company is of informed opinion that sharing of such information 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 may determine to be adequate and fair to cover all relevant and material facts.

NOTE: It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations when authorised by the Board of directors if sharing of such information is in the best interests of the company. The Board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.

- (4) For 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.
- (5) 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 along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

The Policy will come into effect from 1st April, 2019 and will be reviewed as and when need arise.