

# MUDRA FINANCIAL SERVICES LIMITED

## CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSON AND IMMEDIATE RELATIVES OF DESIGNATED PERSONS:

### I. Introduction:

Securities and Exchange Board of India (“SEBI”) vide its Notification dated January 15, 2015, had issued the SEBI (Prohibition of Insider Trading) Regulations, 2015 and further amended vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof.

Regulation 9 of the Regulations requires that Board of Directors of every listed company shall ensure that CEO/MD formulates a code of conduct with their approval to regulate, monitor and report trading by its designated person and immediate relatives of designated person towards achieving compliance with the Regulations, adopting minimum standards as set out in Schedule B of the Regulations, without diluting the provisions of the Regulations in any manner.

In the above context, Mudra Financial Services Limited (the “Company”) has formulated this Code as a part of Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting by Designated persons of the Company.

### II. Important Definitions

(a) “**Compliance Officer**” means Company Secretary or such other senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations designated so and reporting to the Board of Directors and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

Explanation - For the purpose of this regulation, “**financially literate**” shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

(b) “**Connected person**” means -

- (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity

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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,
- (a) an immediate relative of connected persons specified in clause (i); or
  - (b) a holding company or associate company or subsidiary company; or
  - (c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
  - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (f) a member of 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; or
  - (g) 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
  - (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
  - (i) a banker of the Company; or
  - (j) a concern, firm, trust, hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.
- (c) **“Designated Person”** means the following:
- (i) Directors;
  - (ii) Promoters and Promoter Group;
  - (iii) Key Managerial Personnel;
  - (iv) Functional heads;

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- (v) Executive secretaries / assistants of Directors and Key Managerial Personnel;
- (vi) Employees in the grade of Chief General Manager and above;
- (vii) Auditors;
- (viii) Immediate Relatives of the persons specified in (i) to (vii) above; and
- (ix) Such other persons who may be designated as such from time to time, by the Board of Directors or by the Compliance Officer in consultation with the Chairman and Managing Director, for the purpose of this Code.

(d) "**generally available information**" means information that is accessible to the public on a non-discriminatory basis;

(e) "**insider**" means any person who is:

- (i) a connected person; or
- (ii) in possession of or having access to unpublished price sensitive information;

(f) "**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;

(g) "**trading**" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;

(h) "**trading day**" means a day on which the recognized stock exchanges are open for trading;

(i) "**unpublished price sensitive information**" means any information, relating to the 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 include but not restricted to, information relating to the following: -

- i. financial results;
- ii. dividends;
- iii. change in capital structure;
- iii. mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- iv. changes in key managerial personnel; and
- v. any other as may be deemed fit by the Board

(i) Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

### III. Periodical Reporting to Board/Audit Committee:

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The Compliance Officer shall report to the Board of Directors ("Board") and in particular, shall provide reports to the Chairman of the Audit Committee and to the Chairman of the Board of Directors, at half yearly intervals.

#### **IV. Communication or Procurement of Unpublished Price Sensitive Information:**

A. All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of his legal obligations.

B. Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

a. an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the Company; or

b. not attracting 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.

However, 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 limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

C. Designated Persons and immediate relatives of Designated Persons in the Company shall be governed by an internal code of Conduct governing dealing in securities.

#### **V. Dissemination of "Price Sensitive Information"**

A. No information shall be passed by way of making a recommendation for the purchase or sale of securities of the Company.

B. The following guidelines shall be followed while dealing with analysts, research personnel, media persons & institutional investors.

a. Only public information to be provided.

b. Unanticipated questions may be taken on notice and a considered response given later. c. If the

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answer includes unpublished price sensitive information, a public announcement should be made before responding.

### **VI. Trading Plan:**

A. An insider shall be entitled to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his/her behalf in accordance with such plan (Annexure I).

B. Trading Plan shall:

- a. not entail commencement of trading on behalf of the insider earlier than 06 months from the public disclosure of the plan;
- b. not entail trading for the period between the 20th 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 12 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.

C. The Compliance Officer shall review the Trading Plan, made as above to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertaking as may be necessary to enable such assessment and to approve and monitor the implementation of the plan. After assessing, he/she may approve the plan. However, he/she shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

D. 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.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information.

E. Upon approval of the trading plan, the compliance officer shall notify the plan to the stock

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exchanges on which the securities are listed.

## **VII. Trading Window:**

The trading period i.e. the trading period of the stock exchanges, called 'trading window', is available for trading in the Company's securities.

- a. The trading Window shall be closed when the compliance Officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.
- b. All Designated Persons and their immediate relatives 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 the trading window is closed, as referred to in Point No. (a) above or during any other period as may be specified by the Company from time to time.
- c. 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.

## **VIII. Pre-clearance & trades**

1. When the trading window is open, trading by designated persons shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed trade(s) is above a minimum threshold limit of Rs.10,00,000/- (Rupees Ten Lacs) in value over any calendar quarter, or such other limits as the Board may stipulate.
2. Prior to approving any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
3. Order in respect of securities shall be executed within seven (7) trading days after approval is granted by the Compliance Officer, failing which fresh pre-clearance would be needed for the trades to be executed.
4. A designated person who is permitted to trade shall not execute a contra trade within a period

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of six (6) months following the prior transaction. Relaxation may be given from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these Regulations. In the event, any such contra trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

### IX. Reporting of Transactions:

#### A. Initial Disclosures of holdings

Every promoter, member of the promoter group, key managerial personnel and director of the Company shall disclose **(as per Form A)** his holding of securities of the Company as on the date of these Regulations taking effect, to the Company within thirty (30) 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 (7) days of such appointment or becoming a promoter **(as per Form B)**

#### B. Continual Disclosures of trades

Every promoter, member of the promoter group, designated person and director of the Company shall disclose to The Company **(as per Form C)** the number of such securities acquired or disposed of within two (2) trading days of such transaction 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 Rs.10,00,000/- (Rupees Ten lakh) or such other value as may be specified;

The Company shall within a period of two (2) trading days from the date of receipt of such disclosures or becoming aware of such information, inform the Stock Exchanges particulars of such trading.

#### C. Other formats / disclosures, to monitor compliance with these Regulations would be as under -

- Application-cum-undertaking for pre-clearance **(as per Form E)**
- Reporting of holdings in securities by Designated Persons as on 31 March, on an annual basis by 10 April **(as per Form D)**

### X. Mechanism on Internal Control:

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For ensuring adequate and effective system of internal controls in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the following procedure shall be followed:

## **A. Sharing of information pursuant to Legitimate Purpose**

- a. Any person in receipt of Unpublished Price Sensitive information pursuant to legitimate purpose shall be considered Insider for the purpose of the Code.
- b. Advance Notice shall be served on such person by way of email/ letter to maintain confidentiality while in possession of such Unpublished Price Sensitive information.
- c. Such person has to ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and the Code.

## **B. Limited Access to Confidential Information**

Files containing confidential information shall be kept fully secured. Computer files must have adequate security of login and password etc.

## **C. Documents to be shared by Designated Person with Company**

Designated person shall be required to disclose names and PAN or any other identifier authorized by law, of the following persons, to the Company, on an annual basis and as when the information changes:

- a. Immediate Relatives;
- b. Person with whom such designated person(s) share a material financial relationship; &
- c. Phone, mobile and cell number which are used by them.

In addition, the name of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Explanation: The term material financial relationship shall mean a relationship in which one person is a recipient of any kind of payment such as by way of loan/gift during immediate preceding 12 months, equivalent to atleast 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.



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## D. Chinese Wall

- a. To prevent the misuse of confidential information, the Company shall adopt a "Chinese Wall" policy separating those areas of the Company which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale/marketing/operations or other departments providing support services, considered "public areas".
- b. Demarcation of the various departments as inside area may be implemented by the Company.
- c. The employees in inside area may be physically segregated from employees in public area.
- d. The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.
- e. In exceptional circumstances, Designated Persons from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the compliance officer.

## E. Digital Database

The Company shall maintain digital database with time stamping and audit trails to ensure non tampering of the data base containing following information:

- a. Name and PAN of the person/entity(ies) with whom information is shared pursuant to Legitimate Purposes.
- b. Name and PAN of Designated Person alongwith their immediate relatives.

## F. Whistle Blowing in case of leak of Unpublished Price Sensitive Information ("UPSI"): Separate Policy adopted in case leak of Unpublished Price Sensitive Information ("UPSI").

## XI. Process to be followed in sensitive transaction(s):

**In case of Specific Transaction(s)** The Managing Director/chairman shall give prior notice to employee who are brought inside on sensitive transaction(s) and also made aware about the duties and responsibilities attached to receipt of inside information and liability that attaches to misuse or unwarranted use of such information on case to case basis.

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## **XII. Documentation:**

The Compliance Officer shall maintain following documents/ records for a minimum period of five years:

- A. Register of initial & continuous disclosure;
- B. Register of Designated Persons and changes therein;
- C. Record of date of closing and opening of trading window;
- D. Record of application made for preclearance alongwith undertaking taken thereof;
- E. Record of cases waiving holding period during emergency;
- F. Record of periodical and annual statement.

## **XIII. Penalty for contravention of Code of Conduct:**

A. Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).

B. Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

C. Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans etc.

D. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

E. In case it is observed by the Company, that there has been a violation of these regulations, it shall inform the Board (SEBI) promptly.

## **XIV. Other Restrictions**

A. The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives and by any other person for whom such person takes trading decisions.

B. The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.

## **XV. Disclaimer**

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This policy is only internal code of conduct and one of the measures to avoid insider trading. Every insider is required to familiarize himself with the SEBI regulation as it will be the responsibility of each insider to ensure compliance of this code, SEBI regulation and other related statutes fully.

### **XVI. SEBI Regulations/Statutory Provisions to Prevail**

Please note that in case the SEBI regulation or any statutory provisions are more stringent than those contained in the code, the SEBI regulations/ statutory provisions will prevail.

**This policy is only internal code of conduct and one of the measures to avoid Insider trading. It will be the responsibility of each employee to ensure compliance of SEBI Guidelines and other related statutes.**

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## ANNEXURE I FORMAT FOR TRADING PLAN

Date:

To, The Compliance Officer,  
Mudra Financial Services Limited  
Registered Office address

Dear Sir/Madam, I, \_\_\_\_\_, in my capacity as \_\_\_\_\_ of the Company hereby submit the trading plan with respect to dealing in securities of the Company for a total period of 12 months from \_\_\_\_\_ to \_\_\_\_\_.

DP ID/Client ID / Folio No

Type of security

Nature of Trade (Buy/Sell)

Proposed Date/time

period of trade No. /total amount of securities proposed to be traded

With respect to the above trading plan, I hereby undertake that I shall:

I. Not entail commencement of trading on behalf of the insider earlier than 06 months from the public disclosure of the plan.

II. Not entail trading for the period between the 20th trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of financial results for the said period;

III. Not commence the trading as per above plan if the Unpublished Price Sensitive Information which is in my possession at present, do not comes into public domain till the time of commencement of trading plan & shall defer the commencement of trading plan till such information becomes generally available.

IV. Not tender any other trading plan for the period for which the above trading plan is already in force; and

V. Not entail trading in securities for market abuse.

Signature: \_\_\_\_\_

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## ***Form for application for pre clearance***

The Compliance Officer  
Mudra Financial Services Limited  
Registered Office address

Date:

Dear Sir,

### **Sub: Application for Pre-dealing approval in Equity Shares of the Company**

Pursuant to the SEBI (prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct to regulate, monitor and report Insider Trading, I/we seek approval to purchase / sale/subscribe/acquire ----- Equity shares in the Company as per details given below:

1	Name of the applicant	
2	Designation	
3	Number of Equity Shares held as on date	
4	ISIN /Folio No. / DPID/ Client Id	
5	The Proposal is a) Acquisition/Purchase of Equity Shares b) Subscription to Equity Shares c) Sale of Equity Shares	
6	Proposed date of dealing in Equity Shares	
7	Estimated number of Equity Shares proposed to be purchased/ acquired/ subscribed/sold	
8	Price at which the transaction is proposed ( if off market)	
9	Current Market Price ( as on the date of application)	
10	Whether the proposed transaction will be through stock exchange or off -market	
11	Folio No/ DPID & Client ID where the Equity Shares will be credited /debited - ( applicable for off market)	

I/We enclose herewith the form of Undertaking signed by me/us.

Yours faithfully,

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(Signature)

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## Form for the undertaking cum declaration (Annexure to Form for Application for Pre-clearance).

The Compliance Officer  
Mudra Financial Services Limited  
Registered Office address

Date:

Dear Sir,

I/We, \_\_\_\_\_, \_\_\_\_\_ of the Company resident of \_\_\_\_\_, am/are desirous of dealing in \_\_\_\_\_ shares of the Company as mentioned in my/our application dated \_\_\_\_\_ for pre-clearance of the transaction.

I/We further declare that I/We am/are not in possession of or otherwise privy to any Unpublished Price Sensitive Information (as defined in the Company's Code of Conduct to regulate, monitor and report Insider Trading up to the time of signing this Undertaking.

In the event that I/We have access to or received any information that could be construed as "Price Sensitive Information" as defined in the Code, after the signing of this Undertaking but before executing the transaction for which approval is sought, I/We shall inform the Compliance Officer of the same and shall completely refrain from dealing in the Equity Shares of the Company until such information becomes generally available information to the public.

I/We declare that I have not contravened the provisions of the Code as notified by the Company from time to time.

I/We undertake to submit necessary report within two days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I/We shall execute the deal within seven days of the receipt of approval, failing which I/We shall seek pre-clearance afresh.

I/We declare that I/We have made full and true disclosure in the matter, based on the knowledge and information available with me/us.

Yours faithfully,

.....  
Name  
Designation