

## MAX ALERT SYSTEMS LIMITED

### CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

- 1) This Code of Conduct will be known as "Max Alert Systems Limited Code of Conduct for prohibition of Insider Trading" hereinafter referred to as "this Code".
- 2) This Code has been made pursuant to Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, hereinafter referred to as the "Regulations".

### 3) APPLICABILITY

This Code is applicable to the following:

- i. Directors including their Dependent Family Members,
- ii. Connected Persons including their Dependent Family Members,
- iii. Officers of the Company including their Dependent Family Members
- iv. Designated Employees including their Dependent Family Members and as defined herein below.

- 4) **DEFINITIONS**, under point no. 2 of Chapter I of the Regulations, shall apply and forms part of this Code:

"**Act**" means the Securities and Exchange Board of India Act, 1992.

"**Board of Directors**" means Board of Directors of the Company

"**Body Corporate**" means a body corporate as defined under 2 (11) of the Companies Act, 2013.

"**Company**" means Max Alert Systems Limited

"**Companies Act**" means Companies Act, 2013 and rules thereunder

"**Compliance Officer**" means the Company Secretary for the time being of the Company or the Officer appointed by the Board of Directors of the Company for the purpose of this Code and the Regulations.

"**Connected person**" means any person who –

- i. is a director, as defined in Section 2(34) of the Companies Act, 2013.
- 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himself and the Company [whether temporary or permanent] and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that Company:

Explanation: “Connected Person” shall mean any person who is connected person six months prior to an act of insider trading

“**Directors**” means and include a director, as defined under Section 2(34) of the Companies Act, 2013.

“**Designated employee**” shall include:—

- officers comprising the top three tiers of the company management; [Top three tiers of the Company's management shall mean and include Board of Directors, Segment/Functional Heads and employees directly reporting to them.]
- the employees designated by the Company to whom these trading restrictions shall be applicable, keeping in mind the objectives of this Code.

“**Dependent Family Members**” shall include dependent spouse and dependent children.

“**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;

“**Insider**” means any person who,

- i. is or was connected with the Company or is deemed to have been connected with the Company and is reasonably expected to have access to unpublished price sensitive information in respect of securities of company, or
- ii. has received or has had access to such unpublished price sensitive information ;

“**Officers**” means any person as defined under Section 2 (59) of the Companies Act, 2013;

“**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.

Explanation.—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 of securities or buy-back of securities;
- iv. any major expansion plans or execution of new projects.
- v. amalgamation, mergers or takeovers;
- vi. disposal of the whole or substantial part of the undertaking;
- vii. and significant changes in policies, plans or operations of the Company;]

**“Relative”** means a person, as defined in section 2(77) of the Companies Act, 2013

**"Regulations"** means the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

**"Securities"** means Equity (Ordinary) Shares and all other securities of the Company issued and/or to be issued from time to time and listed /to be listed on the Stock Exchange(s) including derivatives, if any.

**"Stock Exchange"** means a stock exchange which is recognized by the Central Government or SEBI under Section 4 of Securities Contracts (Regulation) Act, 1956.

**"Threshold Limit"** means the minimum number of securities as decided by the Board of Directors of the Company from time to time. The threshold limit is Rs. 5 lakhs in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

**"Trading Window"** - means a trading period for trading in the Company's Securities as specified by the Company from time to time. All days shall be the Trading Period except those days specified in Clause 9 hereunder.

**"Unpublished Information"** means information which is not published by the Company or its Agents and is not specific in nature.

### **Explanation**

Speculative Reports in print or electronic media shall not be considered as Published Information.

**“Working day”** shall mean the working day when the regular trading is permitted on the concerned stock exchange(s) where the securities of the Company are listed.

Words and phrases not specifically defined herein shall have the same meaning as defined under the Act, Companies Act, and the Regulations as amended from time to time.

## **5) COMPLIANCE OFFICER**

- a. The Company has appointed the Company Secretary as Compliance Officer who shall report to the Chief Executive Officer (CEO) / Board of Directors of the Company.
- b. The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of “Price Sensitive Information”, Pre-clearance of Trades of Directors, Officers and Designated Employees and their Dependent Family Members and monitoring of trades and the implementation of this Code under the overall supervision of the Board of Directors of the Company.
- c. The Compliance Officer shall maintain a record of the Designated Employees and any changes made in the list of Designated Employees.
- d. The Compliance Officer shall assist all the Employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Company’s Code of Conduct.
- e. The Compliance Officer shall intimate to the Directors, Officers and Designated Employee about the closure of Trading Window and inform them to conduct their dealings only when the Trading Window is open.
- f. The Compliance Officer shall regularly intimate the Directors, Officers and Designated Employee to furnish the details of transactions in the securities of the Company in the prescribed forms and maintain a record of all the intimations received for a period of at least three years from that date.
- g. The Compliance Officer shall obtain Initial Disclosure in Form A at the time of joining and Continuous Disclosure in Form C from Directors, Officers and Designated Employees, major shareholders and to give information in respect of the disclosures made to all the Stock Exchanges where the securities are listed, within the prescribed period.

## **6) PRESERVATION OF “PRICE SENSITIVE INFORMATION”**

Employees/Directors shall maintain the confidentiality of all Price Sensitive Information. Employees/Directors shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

### **Need to know basis**

Price Sensitive Information is to be handled on a “need to know” basis, i.e., Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty

### **Limited access to confidential information**

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

### **7) PREVENTION OF MISUSE OF “PRICE SENSITIVE INFORMATION”**

All Directors/Officers and designated Employees of the Company shall be subject to trading restrictions as enumerated below:

#### **Trading window**

- Trading Window is the time when the Directors/ Officers / Designated Employees of the Company can trade in the securities of the Company. However, the term “Closure of Trading Window” is the period from which the intimation is sent to the Directors/Officers Designated Employees for not trading in the securities of the Company till the date of publication of such information. The trading window shall be closed during the time the information referred below is unpublished.
- When the trading window is closed, the Directors / Officers / Designated Employee shall not trade in the Company’s securities in such period.
- The "Trading Window " shall, inter-alia, be closed (a) from the date of the notice to the Stock Exchange of the meetings of the Directors or Committee of Directors until 48 hours after the declaration /publication of the Annual /Half Yearly /Quarterly results as the case may be;(b) from the date of the Board Meeting where the decision on any of the following matters is taken until 48 hours after the decision is made public:
  - a. Declaration of financial results (quarterly, half-yearly and annually).
  - b. Declaration of dividends (interim and final).
  - c. Issue of securities by way of public/rights/bonus etc.
  - d. Any major expansion plans or execution of new projects.
  - e. Amalgamation, mergers, takeovers and buy-back.
  - f. Disposal of whole or substantially whole of the undertaking.
  - g. Any changes in policies, plans or operations of the Company.
- Trading Window" may be closed by the Company during such time in addition to the above period, as it may deem fit from time to time.
- The trading window shall be opened 48 hours after the information referred above is made public.
- All Directors/Officers/Designated Employees of the Company shall conduct 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 trading window is closed, as referred above or during any other period as may be specified by the Company from time to time.

- In case of ESOS (Employees Stock Option Scheme), exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of Stock Options shall not be allowed when trading window is closed.

### **Pre-clearance of trades**

- All Directors/Officers/Designated Employees of the Company and their dependents intending to deal in the securities of the Company upto the Threshold Limit fixed, as defined and provided hereinbefore, may do so without any pre-clearance from the Compliance Officer.
- An application may be made in such form as the Company may notify in this regard, to the Compliance Officer indicating the estimated number of securities that the Designated Employee/Officer/Director intends 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 required by any rule made by the Company in this behalf.
- An undertaking shall be executed in favour of the Company by such Directors/Officers/Designated Employees incorporating, inter alia, the following clauses, as may be applicable :
  - a) That the Directors/Officers/Designated Employees do not have any access or have not received “Price Sensitive Information” upto the time of signing the undertaking.
  - b) That in case the Directors/Officers/Designated Employees have access to or receives “Price Sensitive Information” after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his / her position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
  - c) That he/she has not contravened this code of conduct for prevention of insider trading.
  - d) That he/she has made a full and true disclosure in the matter.

### **8) OTHER RESTRICTIONS**

- All Directors/Officers/Designated Employees and their dependents (as defined by the Company) shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the Directors/Officers/Designated Employees must pre-clear the transaction again.

- All Directors/Officers/Designated Employees 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. All Directors/Officers/Designated Employees shall also not take positions in derivative transactions in the shares of the Company at any time.
- In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
- In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his/her reasons in this regard.

## 9) REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

### Directors/Officers/Designated Employees

- **Initial Disclosure:** Any person who is a director or officer of the Company shall disclose to the Company in Form B the number of shares or voting rights held and positions taken in derivatives by such persons and his dependants, within two working days of becoming director or officer of the Company.
- **Monthly / Annual Disclosures:** In addition to the above, all Directors, Officers and Designated Employees shall also furnish to the Compliance Officer the following:
  - a) Monthly statement of transactions in securities of the Company in Form B
  - b) Annual statement of all their holdings in securities of the Company to be submitted within 30 days of the close of each Financial Year in annexed hereto. If there is no transaction in a particular month, 'Nil' statement need not be submitted. Form C annexed hereto.
- **Continual Disclosures:** All Directors, Officers and Designated Employees of the Company shall disclose to the Company and the Stock Exchange, where the securities of the Company are listed, in **Form D** about the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such persons and his dependents from the last disclosure made under this Code and Regulations, and the change exceeds Rs. 5 lakhs in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

Such changes in shareholding or voting rights, to be disclosed to the Company and the stock exchange where the shares are listed within two working days or such other time limit as may be specified Form D annexed hereto.

**By Promoters or persons belonging to Promoters Group**

- **Initial Disclosure:** Promoters and persons belonging to Promoters Group shall disclose to the Company in Form B the number of shares or voting rights held by such person, within two working days of becoming such promoter or person belonging to promoter group.
- **Continuous Disclosure:** Any person who is a promoter or part of promoter group shall disclose to the Company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under this Regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

**By any other person**

- **Initial Disclosure:** Any person holding more than 5% shares / voting rights in the Company shall disclose to the Company in Form A, the number of shares or voting rights held by such person, on becoming such holder within two working days of (a) receipt of intimation of allotment of shares or (b) the acquisition of shares or voting rights, as case may be.
- **Continual Disclosure:** Any person who holds more than 5 % shares or voting rights in the Company shall disclose to the Company in Form C the number of shares or voting rights held and change in the shareholding or voting rights within two working days, even if such change results in shareholding falling below 5 %, if there has been change in such holdings from the last disclosure and such change exceeds 2 % of total shareholding or voting rights in the Company.
- The disclosure required under this regulation may also be made through electronic filing in accordance with the system devised by the Stock Exchange.
- The disclosure mentioned above shall be made within two working days of
- Receipt of intimation of allotment of shares or
- The acquisition or sale of shares or voting rights, as the case may be.
- The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the directors/officers/designated employees for a minimum period of three years.

- The Compliance Officer shall place before the Managing Director/Chief Executive Officer or a committee specified by the Company, on a monthly basis all the details of the dealing in the securities by employees/director/officer of the Company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this Code.

#### **10) PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT**

- Any Directors/Officers/Designated Employees who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalised and appropriate action may be taken by the Company.
- Directors/Officers/Designated Employees of the Company who violate the code of conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligible for future participation in employee stock option plans, etc.
- The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

#### **11) INFORMATION TO SEBI IN CASE OF VIOLATION OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 1992**

- In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992. SEBI shall be informed by the Company.

#### **12) GENERAL**

- The decision of the Board of Directors of the Company with regard to any or all matters relating to this Code shall be final and binding on all concerned. The Board of Directors of the Company shall have the power to modify, amend or replace this Code in part or full as may be thought fit from time to time in their absolute discretion.
- In case of any inconsistency between any of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and this Code or in case of any omission of any of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 in this Code, the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 shall prevail or be applicable, as the case may be.

- This Code has been duly approved by the Board of Directors at their meeting held on 13<sup>th</sup> June, 2015 and this Code shall be deemed to have come into force with effect from the said date.



**FORM B**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992  
[Regulation 13(2) and (6)]

**Regulation 13(2)—Details of shares held or positions taken in derivatives by Director or  
Officer of a listed company and his dependents**

<b>Name, PAN No. &amp; Address of Director / Officer</b>	<b>Date of assumin g office of Director / Officer</b>	<b>No. &amp; % of shares/v oting rights held at the time of becomin g Director / Officer</b>	<b>Date of intimatio n to company</b>	<b>Mode of acqui sition (mark et purch ase/ public / rights / prefer ential offer etc.)</b>	<b>Trading member through whom the trade was executed with SEBI Registrati on No. of the TM</b>	<b>Excha nge on which the trade was execut ed</b>	<b>Buy quanti ty</b>	<b>Buy value</b>

Note: The above table shall be applicable with suitable modifications to disclosures for position taken in derivatives also.



