

Aarvi Encon Limited



Insider Trading Policy

Aarvi Encon Limited (the “Company”) is a public company whose equity shares are listed on National Stock Exchange of India Limited (NSE) Emerge Platform with effect from 05th October, 2017 subject to the rules and regulations issued by the Securities and Exchange Board of India (SEBI).

The Board of Directors of the Company has adopted this Insider Trading Policy (the “Policy”) to comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“SEBI Regulations” on 14th November, 2017.

The SEBI Regulations prohibit an Insider from Trading in the securities of a company listed on any stock exchange on the basis of any unpublished price sensitive information.

Unpublished Price Sensitive Information (“UPSI”) means any information, which relates directly or indirectly, to the Company or its securities, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities of the Company.

“Generally available” information means information that is accessible to the public on a non-discriminatory basis.

UPSI includes, without limitation, information relating to the following:

- I. Financial results, financial condition, projections or forecasts of the Company;
- II. Dividends (both interim and final);
- III. Change in capital structure;
- IV. Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- V. Changes in the Board of Directors or Key Managerial Personnel; and
- VI. Material events in accordance with the listing agreement.

The SEBI Regulations prohibit the communication of UPSI to any person except as required under law. Further, procuring any person to Trade in the securities of any company on the basis of UPSI is also prohibited under the SEBI Regulations and the securities laws. Any Violations of the SEBI Regulations and the securities laws subject Insiders severe penalties including fines and imprisonment.

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1. Rules

The rules shall be called 'Rules for Trading in the securities of Aarvi Encon Limited by an Insider' ("Rules"). These Rules shall come into force with immediate effect.

2. Definitions

1) Compliance Officer

"Compliance Officer" means Company Secretary of the Company or any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations 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 listed company or the head of an organization, as the case may be Compliance Officer of the Company for the purpose of administration of the insider trading policy.

2) Connected Person

"Connected Person," includes –

- i. A director of the Company;
- ii. A Key Managerial Personnel of the Company;
- iii. An Officer of the Company;
- iv. Any person who is or has been in a contractual or fiduciary or employment relationship at any time in the six month period prior to the date of determining whether that person, as a result of such relationship, was, directly or indirectly,
(a) allowed access to UPSI or (b) reasonably expected to be allowed access to UPSI;
- v. Any person who is or has been in frequent communication with an Officer of the Company at any time in the six month period prior to the date of determining whether that person, as a result of such frequent communication, was, directly or indirectly,
(a) allowed access to UPSI or (b) reasonably expected to be allowed access to UPSI;
- vi. An employee of the Company who has access to UPSI or is reasonably expected to have access to UPSI;
- vii. Any person who has a professional or business relationship and that relationship that, directly or indirectly, (a) allows access to UPSI or (b) is reasonably expected to allow access to UPSI;

The persons enumerated below shall be deemed to be Connected Persons if such person has access to UPSI or is reasonably expected to have access to UPSI –

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- a. An Immediate Relative of Connected Persons;
- b. A holding company or associate company or subsidiary company;
- c. An intermediary as specified in section 12 of the SEBI Act or an employee or director thereof;
- d. An investment company, Trustee Company, asset management company or an employee or director thereof;
- e. An official of a stock exchange or of clearing house or corporation;
- 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;
- 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;
- h. An official or an employee of a self-regulatory organization recognised or authorized by the SEBI;
- i. A banker of the Company;
- 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 percent of the holding or interest.

3) Designated Person

The term “designated person” shall consist of, Connected Persons who are:

- I. Promoters of the Company;
- II. Directors of the Company and its subsidiaries;
- III. Executive Officers of the Company;
- IV. Executive Vice Presidents of the Company;
- V. Employees named in the Corporate Organization Chart of the Company from time to time;
- VI. All employees in the Operations, Sales & Marketing Dept, Accounts & Finance Department, HR & Admin Department;
- VII. Executive Secretaries of Directors of the Company;
- VIII. Any other Connected Person designated by the Company on the basis of their functional role;
- IX. Immediate Relatives of I to VIII above;

4) Director

“Director” shall have the meaning assigned to it under the Companies Act, 2013.

5) Immediate Relative

“Immediate Relative” of a person means a spouse, or the parent, sibling or child of that person or his or her spouse, if they are either dependent financially on such person or consult such person in taking decisions relating to Trading in securities.

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6) Insider

An insider means any person who is:

- (i) a Connected Person or
- (ii) in possession of or having access to UPSI.

7) Key Managerial Personnel

“Key Managerial Personnel” shall have the meaning assigned to it under the Companies Act, 2013.

8) Officer

“Officer” shall have the meaning assigned to it under the Companies Act, 2013.

9) Promoter

“Promoter” shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.

10) Securities

“Securities” shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 or any modification thereof except units of a mutual fund.

11) Trading

“Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.

Words and expressions used and not defined in these Rules 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 regulations made there under shall have the meanings respectively assigned to them in those legislations.

*12) Legitimate purpose:-

The term “legitimate purpose includes sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

*Legitimate Purpose definition inserted on 11th February, 2019 consequent to amendment in SEBI (Prohibition of Insider Trading) Regulation, 2015 by SEBI Circular dated 31st December, 2018.

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→ The Company shall keep structured digital database containing the names of such persons or entities as the case may be with whom unpublished price sensitive 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 said database remain with the Company Secretary or any other person duly authorized by the Board of Directors of the Company.

3. Prohibition on communicating or procuring UPSI

An Insider shall not -

- i. Communicate, provide, or allow access to any UPSI, relating to the Company or its securities, to any person including other insiders, except to the extent allowed by these Rules;
- ii. Procure from or cause the communication by an Insider of UPSI, relating to the Company or its securities;

Provided that nothing contained above shall be applicable when an UPSI is communicated, provided, allowed access to or procured:

(a) in furtherance of legitimate purposes, performance of duties or discharge of legal obligations pursuant to appropriate confidentiality and non-disclosure agreements being executed; or

(b) In the event the Board of Directors direct or cause the public disclosure of UPSI in the best interest of the Company; or

(c) Within a group of persons if such persons have been identified and secluded within a "Chinese wall" or information barrier by the Compliance Officer from the rest of the Company for a particular purpose or for a specified period of time in furtherance of legitimate purposes, performance of duties or discharge of legal obligations, and are subjected to, among other conditions, additional confidentiality obligations, information barriers designed to prevent exchanges of UPSI outside the "Chinese wall", and the execution of an undertaking by such persons to abstain and / or forego Trading during such seclusion or till the UPSI no longer constitutes UPSI.

4. Prohibition on Insider Trading

An Insider shall not, directly or indirectly, -

- i. Trade in securities that are listed or proposed to be listed when in possession of UPSI;
- ii. Trade in securities of the Company except when the Trading Window is open and the Insider is not in possession of UPSI.

Provided the restriction in 4 (i) above shall not apply to:

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- (a) a transaction that is an off-market inter-se transfer between Promoters who were in possession of the same UPSI without being in breach of these Rules and both parties had made a conscious and informed trade decision; and
- (b) Trades pursuant to a Trading Plan set up in accordance with these Rules.

5. Trading Window

- 1) The Compliance Officer shall notify a 'trading window' during which the Designated Persons may Trade in the Company's securities after securing pre-clearance from the Compliance Officer in accordance with these Rules.
- 2) Designated Persons shall not Trade in the Company's securities when the trading window is closed.
- 3) The trading window shall generally be closed for all Insiders between the sixteenth 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 disclosure of such financial results.
- 4) Additionally, the trading window shall be closed in particular for a Designated Person or Class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- 5) The trading window may be re-opened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.

6. Pre-clearance of Trading

- 1) Designated Persons may Trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application as per Annexure 1 and an undertaking as per Annexure 2 if the value of proposed trades whether in one transaction or a series of transactions over any calendar quarter in excess of Rs. 10 Lakhs rupees or such other value as may be specified.
- 2) The Compliance Officer shall not approve any proposed Trade by Designated Person if The Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.
- 3) The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve Trading by a Designated Person, on the condition that the Trade so approved shall be executed within seven trading days following the date of approval.
- 4) The Designated Person shall, within two days of the execution of the Trade, submit the details of such Trade to the Compliance Officer as per Annexure 3. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.

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5) If the pre-cleared Trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.

6) A Designated Person who Trades in securities without complying with the pre-clearance procedure as envisaged in these Rules or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the pre-clearance procedure shall be subjected to the penalties as envisaged in these Rules.

7. Additional trading restrictions on Designated Persons

1) No Director or Key Managerial Personnel shall enter into derivative transactions in respect of the securities of the Company.

2) All Designated Persons who Trade in the securities of the company shall not enter into an opposite transaction during the next six months following the prior transaction. In case of any contra trade be executed, 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 SEBI.

8. Trading Plan

1) A Designated Person shall be entitled to formulate a Trading Plan that complies with the SEBI Regulations (a "Trading Plan") and present it to the Compliance Officer for approval and public disclosure pursuant to which Trades may be carried out in his behalf in accordance with such plan.

2) The Compliance Officer shall review and approve the Trading Plan if it complies with the SEBI Regulations and shall disclose the Trading Plan to the stock exchanges.

3) The Trading Plan once approved shall be irrevocable and the Designated Person 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 Designated Person is in possession of UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Trading Plan shall be deferred until such UPSI becomes generally available information. Further, the Designated Person shall also not be allowed to Trade in securities of the Company, if the date of Trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

9. Penalty for Insider Trading

1) An Insider who acts in contravention of these Rules shall be liable to have his services or

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relationship with the Company, as the case may be, terminated.

2) Directors, Officers and employees of the Company who violate these rules shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in the Company's stock option plans or termination.

3) The SEBI or any other appropriate regulatory authority would also be informed of the violation of these Rules so that appropriate action may be taken.

10. Disclosure requirements

1) Initial Disclosure:

a. Every Promoter, Key Managerial Personnel, director of the Company and each of their Immediate Relatives shall disclose his holding of securities of the Company within thirty days of these Rules taking effect as per Form A set out in Annexure 4.

b. Every person on appointment as a Key Managerial Personnel or a director of the Company or upon becoming a Promoter shall disclose his / her and Immediate Relatives' 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, as per Form B set out in Annexure 5.

2) Continual Disclosure:

a. Every Promoter, employee, director of the Company and each of their Immediate Relatives shall disclose as per Form C set out in Annexure 6 to the Company the number of such securities acquired or disposed of within two 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. Ten lakhs.

b. The disclosure shall be made within two working days of:

- I. the receipt of intimation of allotment of shares, or
- II. the acquisition or sale of shares or voting rights, as the case may be.

3) Disclosure to the Stock Exchange:

The Compliance Officer shall notify the stock exchanges, particulars of the Trades, within two trading days of the receipt of the Continual Disclosure or from becoming aware of such information.

4) Disclosures by other Connected Persons.

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The Compliance Officer may, require any other Connected Person to disclose the holdings and trading in securities of the Company as per Form D set out in Annexure 7 at such frequency as he may determine.

11. Miscellaneous

- 1) The Board of Directors shall be empowered to amend, modify, interpret these Rules and such Rules shall be effective from such date that the Board may notify in this behalf.
- 2) The Compliance Officer shall provide the Audit Committee of the Board, on a quarterly basis, all the details of Trading in securities by the Designated Persons including any violations of the Rules.
- 3) The Compliance Officer shall maintain (a) updated list of Designated Persons, (b) records of disclosures and pre-clearance applications and undertakings for a period of five years and (c) a confidential list of any 'restricted securities' to which the Compliance Officer may require Designated Persons to seek pre-clearance before Trading in such 'restricted securities'.
- 4) The Company shall require all Connected Persons to formulate and adhere to a code of conduct to achieve compliance with these Rules. In case such persons observe that there has been a violation of these Rules, then they shall inform the Board of Directors of the Company promptly.

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Annexure-1

APPLICATION FOR PRE-TRADING APPROVAL

To,
The Compliance Officer,
Aarvi Encon Limited

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I seek approval to purchase / sell / subscribe _____ equity shares of the Company as per details given below:

Name of the Applicant	
Designation	
Number of securities held as on date	
Folio No. / DP ID / Client ID No.	
The proposal is for	(a) Purchase of securities (b) Subscription to securities (c) Sale of securities
Proposed date of trading in securities	
Estimated number of securities proposed to be purchased/subscribed/sold	
Current market price (as on date of application)	
Whether the proposed transaction will be through stock exchange or off-market trade	
Folio No. / DP ID / Client ID No. where the securities will be credited / debited	

I enclose herewith the Undertaking signed by me.

Signature : _____

Name:

Date :

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Annexure 2

UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE

To,
The Compliance Officer,
Aarvi Encon Limited

Dear Sir,

I, _____(Name) _____(Designation) of the Company residing at _____, am desirous of dealing in _____ shares of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information.

In the event that I 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 shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time or any regulations of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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

If approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek fresh pre-clearance again.

I declare that I have made full and true disclosure in this regard to the best of my knowledge and belief.

Signature : _____

Name:

Date :

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Annexure 3

FORMAT FOR DISCLOSURE OF TRANSACTIONS

(To be submitted within 2 days of transaction / dealing in securities of the Company)

To,
The Compliance Officer,
Aarvi Encon Limited

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to _____ securities as mentioned below on ____ (date)

Name of holder	No. of securities dealt with	Bought/sold/subscribed	DP ID/Client ID / Folio No	Price (Rs.)

I declare that the above information is correct and that no provisions of the Company's Code or Policy and/or applicable laws/SEBI (Prohibition of Insider Trading) Regulations, 2015 have been contravened for effecting the above said transactions(s).

Signature : _____

Name:

Designation:

Date:

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Annexure 4

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7 (1) (a) read with Regulation 6 (2)]

To,
The Compliance Officer,
Aarvi Encon Limited (ISIN: _____)

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2) of SEBI Regulations.

Name, PAN No., CIN/DIN & address with Contact No.	Category of Person (Promoters/KMP/Directors/immediate relatives/others etc.)	Securities held as on the date of regulation coming into force		% of Shareholding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Future contracts held as on the date of regulation coming into force	
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.		Number of units contracts (lot size)	Notional value in Rupee terms	Number of units contracts (lot size)	Notional value in Rupee terms

Signature : _____

Name:

Designation:

Date:

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Annexure 5

FORM B

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7(1)(b) read with Regulation 6(2)]

To,
The Compliance Officer,
Aarvi Encon Limited (ISIN: _____)

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2) of SEBI Regulations.

Name, PAN No., CIN/DIN & address with Contact No.	Category of Person (Promoters/ KMP/Directors/im mediate relatives/others etc.)	Date of appointment of Director /KMP or Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment Of Director/KMP		% of Shareholding	Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP		Open Interest of the Option contracts held at the time of becoming Promoter/appointment of Director/KMP	
			Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts lot size)	Notional value in Rupee Terms	Number of units (contracts lot size)	Notional value in Rupee Terms

Signature : _____

Name:

Designation:

Date:

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Annexure 6

FORM C

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

[Regulation 7(2) read with Regulation 6(2)]

To,
The Compliance Officer,
Aarvi Encon Limited (ISIN: _____)

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2) of SEBI Regulations:

Name, PAN No., CIN/DIN & address of Promoter/Employee/Director with Contact No.	Category of Person (Promoters/KMP/Directors/immediate relatives/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/disposed		% of Shareholding		Date of allotment advice/acquisition of shares/sale of shares specify		Date of intimation to company.	Mode of acquisition (market purchase/public rights/preferential offer / off market/ Inter-se transfer etc.	Trading in derivatives (Specify type of contract, Futures or Options etc.)				Exchange on which the trade was executed
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.	Pre-transaction	Post-transaction	From	To			Buy		Sell		
												Value	Number of units (contracts lot size)	Value	Number of units (contracts lot size)	

Signature : _____

Name:

Designation:

Date:

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Annexure 7

FORM D

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7(3) –Transactions by other Connected Persons as identified by the Company]**

To,
The Compliance Officer,
Aarvi Encon Limited (ISIN: _____)

Name, PAN No., CIN/DIN & address of Connected Persons as identified by the Company with Contact No.	Connection with the Company	Securities held prior to acquisition/disposal		Securities acquired/disposed		% of Shareholding		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company.	Mode of acquisition (market purchase/ public rights/ preferential offer / off market/ Inter-se transfer etc.	Trading in derivatives (Specify type of contract, Futures or Options etc.)				Exchange on which the trade was executed		
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.	Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.	Pre-trans action	Post-trans action	From	To			Buy		Sell				
												Value	Number of units (contracts lot size)	Value	Number of units (contracts lot size)			

Signature : _____

Name:

Designation:

Date: