HIRECT LIMITED
(Formerly known as Hind Rectifiers Limited)

POLICY FOR PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET

INTRODUCTION

SEBI has notified SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) 2003 on July 17, 2003. In addition to this, SEBI (Share Based Employee Benefits), Regulations, 2014, provides that the Company shall ensure that there exists a policy for compliance of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) 2003.

This policy known as "Policy for Prohibition of Fraudulent and Unfair Trade Practices relating to securities market" is accordingly put in place herewith. The primary purpose of the policy is to ensure that the Employees and Directors of the Company do not indulge in any fraudulent and unfair trade practices. Any breach of the provisions of the policy shall be met with the disciplinary actions.

APPLICABILITY

The policy shall be applicable to all Directors and the Employees of the Company.

DEFINITIONS

In these regulations, unless the context otherwise requires-

i. "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

ii. "Company" means Hirect Limited (Formerly known as Hind Rectifiers Limited) within the meaning of Section 2(87) of Companies Act, 2013;

iii. "Compliance Officer" means the officer appointed by the Company as compliance officer under SEBI Insider Trading Regulations, 2015.

iv. "Director" means the Director of the Company.

v. "Employee" means the permanent employee of the Company.

vi. "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behavior by a person depriving another of informed consent or full participation,

(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly;

Nothing contained in this clause shall apply to any general comments made in good faith in regard to—

(a) the economic policy of the government
(b) the economic situation of the country
(c) trends in the securities market or
(d) any other matter of a like nature

whether such comments are made in public or in private;

vii. "Investigating Authority" means any 2[person] authorized by the Board to undertake investigation under section 11C of the Act;

viii. "Securities" means securities as defined in Section 2 of the Securities Contracts (Regulation) Act, 1956.

Words and expressions used and not defined in these regulations, but defined in the SEBI Act, 1992 or in the rules or regulations made thereunder, shall have the meanings respectively assigned to them in the Act or rules or regulations made thereunder, as the case may be.

PROHIBITION OF CERTAIN DEALINGS IN SECURITIES

The Directors and employees shall not directly or indirectly –

a. buy, sell or otherwise deal in securities in a fraudulent manner;

b. use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

c. employ any device, scheme or method to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

d. engages in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities, which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

PROHIBITION OF MANIPULATIVE, FRAUDULENT AND UNFAIR TRADE PRACTICES

Without prejudice to the above provisions, the Director and the employee shall not indulge in a fraudulent or an unfair trade practice in securities.

Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: -

a. indulging in an act which creates false or misleading appearance of trading in the securities market;

b. dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

c. advancing or agreeing to advance any money to any person thereby inducing any other person to offer to buy any security in any issue only with the intention of securing the minimum subscription to such issue;

d. paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

e. any act or omission amounting to manipulation of the price of a security;

f. publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;
g. entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

h. selling, dealing or pledging of stolen or counterfeit security whether in physical or dematerialized form;

i. an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;

j. planting false or misleading news which may induce sale or purchase of securities.

DISCIPLINARY ACTIONS

Upon receipt of any information about any manipulative, fraudulent dealing in securities and unfair trade practices undertaken by the director or employee, the Compliance Officer shall refer the matter to the Chairman of Nomination and Remuneration to carry out necessary enquiries and conduct the investigation.

On establishing the non-compliance of the provisions hereof, the Chairman of Nomination and Remuneration Committee may call upon the Director or employee and hear them. Subsequent to this if found appropriate and necessary, he shall report the same to the Managing Directors or/and CEO of the Company for disciplinary and other

actions against the Director or employee involved in such manipulative, fraudulent dealing in securities and unfair trade practices.

The Nomination and Remuneration Committee shall then take such actions as it may deem fit. It shall, where it deems necessary inform regulators under SEBI Regulation for further actions.

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Approval by the Board on 10.02.2021	V1
Approval by the Board on 28.07.2026	V2