



## CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UPSI

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Ownership	Compliance
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## 1. Introduction

Capital India Finance Limited (“**Company**”) had adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“**Code**”) to *inter alia* formulate a framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities in accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“**Regulations**”).

## 2. Objective

- a) To ensure timely and adequate disclosure of Unpublished Price Sensitive Information (“**UPSI**”) and prevent misuse of such information;
- b) To ensure that all UPSI is handled on a need-to-know basis and to lay down the policy for determination of legitimate purposes; and
- c) To maintain uniformity and fairness in dealing with all stakeholders of the Company.

## 3. Definitions

Words and expressions used but not defined in this Code shall have the same meaning assigned to them in the Regulations or 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 the rules and regulations made thereunder, as the case may be or in any amendment thereto.

## 4. Chief Investor Relations Officer

The Chief Compliance Officer & Company Secretary of the Company would be the ‘Chief Investor Relations Officer’ of the Company (“**CIRO**”) for the purpose of this Code and the Regulations. In the absence of the Chief Compliance Officer & Company Secretary of the Company, the Board of Directors may authorize any other senior officer of the Company to discharge the duties of CIRO under this Code and the Regulations.

CIRO will be responsible for:

- a) proper and timely dissemination of information in the ordinary course of the business of the Company and disclosure of each UPSI;
- b) determination of questions as to whether any particular information amounts to UPSI;

- c) determination of response, if any, of the Company to any market rumor in accordance with this Code;
- d) dealing with any query received by any Insider in relation to any UPSI; and
- e) providing advice to any Insider as to whether any particular information may be treated as UPSI.

## 5. Principles of Fair Disclosure

To adhere to the principles as mentioned in Schedule A to the Regulations, the Company shall:

- a) Promptly disclose publicly any UPSI that would impact price discovery no sooner than credible and concrete information comes into being so that such information is generally available.
- b) Uniformly and universally disseminate UPSI, in a timely manner, to avoid selective disclosure by communicating the same to the stock exchange(s) and disclosing the same on its website before releasing such information to media or analysts.
- c) Ensure that the employees of the Company shall not respond under any circumstances to enquiries from the stock exchanges, the media or others unless authorised to do so by the CISO or any other officer as may be designated as CISO by the board of directors of the Company in this regard.
- d) Make a public announcement with respect to any matter only after the Company has taken a final or definitive decision. When there are rumors or news reports and the Company is queried by the regulatory authorities, the Company will provide an appropriate and fair response by accepting, denying or clarifying the same. The Company will not be required to make disclosures in cases where the proposal is still in progress, or there are impending negotiations or incomplete proposals, the disclosure of which will not be appropriate and could prejudice the Company's legitimate interests.
- e) Promptly disseminate UPSI to public through the stock exchanges in case such UPSI gets disclosed selectively, inadvertently or otherwise to a section of the market.
- f) All interactions with institutional shareholders, fund managers, analysts and research personnel should be based on generally available information that is accessible to the public on a non-discriminative basis and information shared with such persons should not include UPSI. The CISO shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on its website to ensure official confirmation and documentation of disclosures made.

- g) Handle all UPSI on a need-to-know basis by creating suitable safeguards to avoid UPSI becoming available to any person who is not required to have access to such information. UPSI may however be disclosed in accordance with the Regulations, to persons who need such information for furtherance of legitimate purposes as per the 'policy on determination of legitimate purposes' annexed herewith as **Annexure 1**, including performance of duties or discharge of legal obligations.

## 6. Protection Against Retaliation and Victimization

An employee who files a voluntary information disclosure form in terms of Chapter IIIA of the Regulations ("**Voluntary Information Disclosure Form**"), irrespective of whether the information is considered or rejected by SEBI and irrespective of whether the employee is eligible for a reward in terms of Chapter IIIA of the Regulations, shall not be discriminated, discharged, terminated, demoted, suspended, threatened or harassed, directly or indirectly, for any of the following reasons:

- a) filing a Voluntary Information Disclosure Form with SEBI;
- b) testifying in, participating in, or otherwise assisting or aiding SEBI in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of insider trading laws or in any manner aiding the enforcement action taken by SEBI; or
- c) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with SEBI, in any manner.

Explanation: For the purpose of paragraph **Error! Reference source not found.** of this Code, the term "**Employee**" shall mean any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under the Regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

## 7. General Provisions

- a) The board of directors of the Company, or the compliance officer of the Company or any person authorized by the board of directors of the Company in this regard, shall be responsible for maintaining a structured digital database ("SDD"), internally, in compliance with the Regulations, containing the nature of UPSI, the names of persons who have shared the information and the names of the persons with whom the information is shared in compliance with the Regulations, along with their respective addresses, email, Permanent Account Number (PAN) (or any other identifier authorised by law, where PAN is not available) and such other documents as may be necessary. In this regard, adequate systems and controls shall be put in place to ensure non-tampering of the SDD and compliance with the Regulations towards sharing of UPSI. The board of directors of the Company,

or the compliance officer of the Company or any person authorized by the board of directors of the Company in this regard, shall also be responsible for preserving the SDD for a period of not less than 8 (Eight) years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the SDD shall be preserved till the completion of such proceedings.

- b) This Code is subject to the applicable laws including but not limited to the Regulations and shall supersede the earlier version of the Code.
- c) The board of directors of the Company shall ensure that the chief executive officer or the managing director of the Company ensures that the provisions set out hereunder are complied with.
- d) The audit committee of the Company shall review compliance of this Code at least once in a financial year and verify whether the systems for internal control are adequate and are operating effectively.
- e) This Code is subject to review by the board of directors of the Company as and when deemed necessary. The board of directors of the Company may amend the Code from time to time depending upon the requirements of the provisions of the Regulations and other applicable laws.
- f) Notwithstanding anything contained in this Code, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws / regulations either existing or arising out of any amendment to such laws / regulations or otherwise and applicable to the Company from time to time. Any change/amendment in applicable laws with regard to maintenance of code of practices and procedures for fair disclosure of unpublished price sensitive information shall be deemed to be incorporated in this Code by reference and this Code shall be deemed to have been amended and revised accordingly.

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## **ANNEXURE 1 - POLICY FOR DETERMINATION OF 'LEGITIMATE PURPOSE'**

1. In terms of the Regulations, the term “legitimate purpose” is clarified to include sharing of UPSI in the ordinary course of business by an insider with the Company’s partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing of UPSI has not been carried out to evade or circumvent the prohibitions of the Regulations.
2. The Regulations require the board of directors of the Company to formulate a policy for determination of ‘legitimate purpose’, in line with the guidance provided in the Regulations. The assessment of whether sharing of UPSI in a particular instance would tantamount to ‘legitimate purpose’ would entirely depend on the specific facts and circumstances of each case. Accordingly, this policy only sets out the principles that should be considered while assessing if the purpose for which UPSI is proposed to be shared is “legitimate”.
3. Primarily, the following factors should be considered for assessing whether the purpose for which UPSI is proposed to be shared is “legitimate”:
  - a) whether sharing of such information is in the ordinary course of business of the Company;
  - b) whether information is sought to be shared to evade or circumvent the prohibitions of the Regulations;
  - c) whether sharing the information is in the best interests of the Company or in furtherance of a genuine commercial purpose;
  - d) whether the information is required to be shared for enabling the Company to discharge its legal obligations;
  - e) whether the nature of information being shared is commensurate to the purpose for which UPSI is sought to be disclosed.
4. It is clarified that in the event there exist multiple purposes for sharing UPSI, each purpose will be evaluated on its own merits, in line with the aforementioned principles.
5. The recipient of UPSI shall be informed of the following, by way of written intimation and/or contractual agreement, such as, confidentiality agreement or non – disclosure agreement, that:
  - a) the information being shared is UPSI and that the Company is the exclusive owner of such UPSI;
  - b) upon receipt of UPSI, the recipient would be deemed to be an Insider and subject to the provisions of the Regulations and the Code;

- c) the recipient must always maintain confidentiality of the UPSI;
  - d) the recipient may use the UPSI only for the approved purposes for which it was disclosed;
  - e) the recipient should provide a written undertaking that he/she/it shall not trade in the securities of the Company while in possession of the UPSI; and
  - f) the recipient must extend all cooperation to the Company, as may be required in this regard.
6. This policy is subject to review by the board of directors of the Company as and when deemed necessary. The board of directors of the Company may amend this policy from time to time depending upon the requirements of the provisions of the Regulations and other applicable laws.
7. Notwithstanding anything contained in this policy, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws / regulations either existing or arising out of any amendment to such laws / regulations or otherwise and applicable to the Company from time to time. Any change/amendment in applicable laws with regard to determination of legitimate purposes shall be deemed to be incorporated in this policy by reference and this policy shall be deemed to have been amended and revised accordingly.