



## PROHIBITION OF INSIDER TRADING CODE

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Ownership	Compliance Function
Approved By	Board of Directors
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## 1. Introduction

Capital India Finance Limited ("**Company**") had adopted the Prohibition of Insider Trading Code ("**Code**") to *inter alia* formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons in accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("**Regulations**").

## 2. Objective

- a) To preserve the confidentiality and prevent the misuse of un-published price sensitive information;
- b) To ensure transparency and fairness in dealing with all stakeholders.

## 3. Definitions

"**Act**" shall mean the Securities and Exchange Board of India Act, 1992 (15 of 1992).

"**Board of Directors**" shall mean the board of directors of the Company.

"**Companies Act**" shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.

"**Compliance Officer**" shall mean the Chief Compliance Officer & Company Secretary of the Company. In the absence of the Chief Compliance Officer & Company Secretary of the Company, the Board of Directors may authorize any other officer of the Company in compliance with the Regulations, to discharge the duties of the Compliance Officer under this Code and the Regulations.

"**Connected Person**" shall mean:

- (i) any person who is or has during 6 (Six) months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with the officers of the Company 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 UPSI 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) a 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; or
- h) an official or an employee of a self-regulatory organization recognized 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 a company or his/her relative or banker of the Company, has more than 10% (Ten Percent) of the holding or interest; or
- k) a firm or its partner or its employee in which a connected person specified above is also a partner; or
- l) a person sharing household or residence with a connected person specified above.

**“Designated Persons”** shall include -

- (i) Promoters of the Company;
- (ii) Directors of the Company;
- (iii) Key Managerial Personnel of the Company;
- (iv) All employees who are two grades below the chief executive officer of the Company and material subsidiaries, irrespective of their functional role in the Company or ability to have access to UPSI;
- (v) All employees in the Finance, Accounts, Risk, Internal Audit, Legal, Secretarial and Compliance department of the Company;
- (vi) Other employees designated by the Compliance Officer from time to time;
- (vii) Any support staff of the Company such as IT staff or secretarial staff who have access to UPSI;
- (viii) Employees of material subsidiaries of the Company designated on the basis of their functional role or access to UPSI in the organization by their board of directors; and
- (ix) Immediate relative of the persons covered under clause (i) to (viii) above.

**“Generally available information”** shall mean information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media.

**“Immediate Relative”** shall mean 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.

**“Insider”** shall mean any person who is:

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

**“Key Managerial Personnel”** or **“KMP”**, in relation to the Company, shall mean:

- (i) the chief executive officer or the managing director or the manager of the Company;
- (ii) the Chief Compliance Officer & Company Secretary of the Company;
- (iii) the whole-time director of the Company;
- (iv) the chief financial officer of the Company;
- (v) such other officer, not more than one level below the directors who is in whole-time employment of the Company and designated as key managerial personnel by the Board of Directors; and
- (vi) such other officer of the Company as may be prescribed under the Companies Act.

**“Legitimate Purpose”** shall mean the legitimate purpose for sharing UPSI as determined in accordance with the requisite provisions of - Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and shall include sharing of UPSI for performance of duties.

**“Promoter”** shall have the meaning assigned to such term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

**“Promoter Group”** shall have the meaning assigned to such term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

**“Relative”** shall mean the following:

- (i) spouse of the person;
- (ii) parent of the person and parent of its spouse;
- (iii) sibling of the person and sibling of its spouse;
- (iv) child of the person and child of its spouse;
- (v) spouse of the person listed at sub-clause (iii); and
- (vi) spouse of the person listed at sub-clause (iv).

**“Securities”** shall have the meaning assigned to such term under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof.

**“Takeover Regulations”** shall mean the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.

**“Threshold limit”** shall mean the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregating to a traded value of INR 10,00,000/- (Indian Rupees Ten Lakhs only) or such other value as may be specified by SEBI from time to time.

**“Trading”** shall mean and include subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any Securities, and **“Trade”** shall be construed accordingly.

**“Trading day”** shall mean a day on which the recognized stock exchanges are open for Trading.

**“Unpublished Price Sensitive Information” or “UPSI”** shall mean 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 of the Company and shall ordinarily including but not restricted to, information relating to the following:

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business, award or termination of order/contracts not in the normal course of business and such other transactions; and
- (v) changes in the Key Managerial Personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
- (vi) change in rating(s), other than ESG rating(s);
- (vii) fund raising proposed to be undertaken;
- (viii) agreements, by whatever name called, which may impact the management or control of the Company;
- (ix) fraud or defaults by the Company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the Company, whether occurred within India or abroad;
- (x) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- (xi) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the Company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;

- (xii) initiation of forensic audit, by whatever name called, by the Company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- (xiii) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, promoter or subsidiary, in relation to the Company;
- (xiv) outcome of any litigation(s) or dispute(s) which may have an impact on the Company;
- (xv) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the Company not in the normal course of business;
- (xvi) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Explanation 1- For the purpose of sub-clause (ix):

- a. 'Fraud' shall have the same meaning as referred to in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- b. 'Default' shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Explanation 2- For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the Board from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable.

#### **4. Interpretation**

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.

#### **5. Compliance Officer**

- (i) The Compliance Officer shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of trades and the implementation of the Code under the overall supervision of the Board of Directors. The Compliance Officer shall provide annual reports to the Board of Directors, in particular, to the Chairman of the Audit Committee constituted by the Board of Directors within a maximum period of 90 (Ninety) days from the end of each financial year.

- (ii) The Compliance Officer will also assist the Designated Persons in addressing any clarification regarding the Regulations and this Code.
- (iii) The Compliance Officer shall maintain a record of all the disclosures made by the Designated Persons under this Code for a minimum period of 5 (Five) years.

## **6. Communication, Procurement and Preservation of UPSI**

- (i) All information shall be handled within the Company on a 'need-to-know' basis and no Insider shall communicate, provide or allow access to any UPSI, relating to the Company or its Securities listed or proposed to be listed by the Company, to any person including other Insiders except where such communication is required in furtherance of Legitimate Purposes.
- (ii) No person shall procure from or cause the communication by any Insider of UPSI, relating to the Company or its Securities listed or proposed to be listed by the Company, except where such communication is required for Legitimate Purposes.
- (iii) Any person in receipt of UPSI pursuant to a Legitimate Purpose shall be considered an "Insider" for the purpose of this Code and due notice shall be given to such persons to maintain confidentiality of UPSI in compliance with the Regulations.
- (iv) The following procedures are designed to maintain confidentiality of UPSI:
  - a) Designated Persons should take all steps and precautions necessary to restrict access to, and secure, UPSI by, among other things:
    - maintaining the confidentiality of UPSI;
    - conducting their business/ professions and personal/ social activities so as not to risk inadvertent disclosure of UPSI;
    - reviewing confidential documents in public places should be restricted so as to prevent access to UPSI by unauthorized persons;
  - b) Restricting access to documents and files (including computer files) containing UPSI to persons on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);



- c) Files containing UPSI shall be kept secured with restricted access, and computer files containing UPSI should be protected with the help of login, passwords, etc. Appropriate physical and informational barriers shall be put in place to ensure confidentiality of UPSI;
- d) Promptly removing and cleaning up all confidential documents and other materials containing UPSI from conference rooms following the conclusion of any meetings;
- e) Disposing of all confidential documents and other papers containing UPSI once they are no longer needed for any business or other legal purpose, through shredders when appropriate;
- f) Restricting access to areas likely to contain confidential documents or UPSI;
- g) Avoiding any discussion pertaining to UPSI in places where the information could be overheard by others, such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs, etc.; and
- h) Persons in possession of, or having access to UPSI, to the extent feasible, should conduct their business and other activities in areas separate from other Company activities, so as to avoid any leak of UPSI.

(v) **Chinese Walls Procedures**

- a) In terms of the Code, Designated Persons are considered as persons having access or expected to have access to UPSI.
- b) To prevent the misuse of UPSI, the Company will maintain “Chinese Walls” and segregate the premises into inside areas and public areas. Inside areas refer to those areas and departments of the Company in which UPSI may ordinarily be available. Public areas refer to those areas where any UPSI would ordinarily not be available, and to which any outside person may be allowed access.
- c) Inside areas shall be accessible in normal course only to Designated Persons. Designated Persons in the inside area shall not communicate any UPSI to anyone in public area. In exceptional circumstances employees 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.
- d) Wherever there is a requirement of sharing UPSI by any Designated Person with another employee/external third parties, etc., in furtherance of Legitimate Purposes, the person to whom

such information is proposed to be shared, shall be “wall-crossed” through wall-crossing procedure set out below.

#### Procedure for wall crossing

- (i) In the event any person is required to be wall – crossed, i.e., brought over the Chinese Wall in order to obtain access to the UPSI for a specific purpose, prior approval of the Compliance Officer must be sought. The Compliance Officer shall consider whether the person being wall – crossed, is being provided UPSI on a need – to – know basis. Further, UPSI shared with such wall – crosser should be limited to the specific transaction or purpose for which such person’s assistance is required.
- (ii) Persons who are wall – crossed / receive UPSI should be notified that they would be deemed to be ‘Designated Person’ and ‘Insider’ under this Code and that consequently, such persons will be required to comply with all applicable provisions of the Code and the Regulations, till such information remains UPSI.
- (iii) Appropriate records of all wall crossings will be maintained. Further, the Compliance Officer will be informed of all instances wherein a person has been wall-crossed (at the time of such wall – crossing), in accordance with the procedure set out above, so as to enable the Compliance Officer to maintain appropriate records in this regard.

## 7. Internal Control System

There shall be adequate and effective system of internal controls to ensure compliance with the requirements given in this Code and the Regulations to prevent insider trading. The internal controls shall include:

- (i) Identifying persons who have access to, or are expected to have access to UPSI as the Designated Persons;
- (ii) Identifying UPSI and maintaining its confidentiality as required under applicable laws;
- (iii) Putting in place adequate restrictions on communication, or procurement of UPSI;
- (iv) Maintaining a list of all persons with whom UPSI is shared and making them aware of their confidentiality and other obligations under the Code along with the liability that attaches to misuse or unwarranted use of such information;

- (v) Periodically review the processes and internal controls implemented to evaluate their effectiveness.

## 8. Trading when in possession of UPSI

- (i) Except as permitted under the Regulations, no Insider shall either on his own behalf or on behalf of any other person, Trade in the Securities of the Company that are listed or proposed to be listed on any stock exchange when in possession of any UPSI.
- (ii) When a person who has traded in securities has been in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.
- (iii) In case of the Connected Persons, the onus of establishing that they were not in possession of UPSI shall be on the Connected Person and in other cases, the onus shall be on the SEBI.

## 9. Trading Plans

- (i) An Insider shall be entitled to formulate a Trading plan and present it to the Compliance Officer for approval and public disclosure, pursuant to which Trade may be carried out by such Insider in accordance with the approved Trading plan.
- (ii) Such Trading plan shall: -
  - a) not entail commencement of Trading on behalf of the Insider earlier than 120 (One hundred and Twenty) calendar days from the public disclosure of the Trading plan;
  - b) not entail overlap of any period for which another Trading plan is already in existence;
  - c) set out following parameters for each trade to be executed:
    - (i) either the value of trade to be effected or the number of securities to be traded;
    - (ii) nature of the trade;
    - (iii) either specific date or time period not exceeding five consecutive trading days;
    - (iv) price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:
      - a. for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto 20% (Twenty per cent) higher than such closing price;

- b. for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto 20% (Twenty per cent) lower than such closing price.

Explanation:

- (i) While the parameters in sub-clauses (i), (ii) and (iii) shall be mandatorily mentioned for each trade, the parameter in sub-clause (iv) shall be optional.
- (ii) The price limit in sub-clause (iv) shall be rounded off to the nearest numeral.
- (iii) Insider may make adjustments, with the approval of the Compliance Officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of Trading plan and the same shall be notified on the stock exchanges on which securities are listed.

- d) not entail Trading in the Securities for market abuse.

- (iii) The Compliance Officer shall review the Trading plan to assess whether the Trading plan would have any potential for violation of this Code and/or the Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

*Provided that:* a) the pre-clearance of the Trades shall not be required for a Trade executed as per an approved Trading plan; and b) the Trading window norms shall not be applicable for Trades carried out in accordance with an approved Trading plan,

- (iv) The Trading plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the Trading plan, without being entitled to either execute any Trade in the Securities outside the scope of the Trading plan or to deviate from it except due to permanent incapacity or bankruptcy or operation of law.

*Provided that* the implementation of the Trading plan shall not be commenced if any UPSI in possession of the Insider at the time of formulation of the Trading plan has not become Generally available information at the time of the commencement of implementation.

Provided further that if the insider has set a price limit for a trade as per the approved Trading plan, the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed.

Explanation: In case of non-implementation (full/partial) of Trading plan due to either reasons enumerated as above or failure of execution of trade due to inadequate liquidity in the scrip, the following procedure shall be adopted:

- a) The Insider shall intimate non-implementation (full/partial) of Trading plan to the Compliance Officer within 2 (two) trading days of end of tenure of the Trading plan with reasons thereof and supporting documents, if any.
  - b) Upon receipt of information from the Insider, the Compliance Officer, shall place such information along with his recommendation to accept or reject the submissions of the Insider, before the Audit Committee in the immediate next meeting. The Audit Committee shall decide whether such non-implementation (full/partial) was bona fide or not.
  - c) The decision of the Audit Committee shall be notified by the Compliance Officer on the same day to the stock exchanges on which the securities are listed.
  - d) In case the Audit Committee does not accept the submissions made by the Insider, then the Compliance Officer shall take action as per the Code of Conduct.
- (v) The Compliance Officer shall approve or reject the Trading plan within 2 (two) trading days of receipt of the Trading plan and notify the approved plan to the stock exchanges on which the securities are listed, on the day of approval.

## 10. Trading Window

- (i) The Designated Persons shall be entitled to execute Trades, subject to compliance with the Regulations. Notional Trading window shall be used as an instrument of monitoring the Trading by the Designated Persons.
- (ii) The Trading window shall be closed as and when the Compliance Officer determines that any Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI. Such closure of the Trading window shall be imposed in relation to such Securities to which such UPSI relates. The Trading window shall *inter-alia*, remain closed from (a) the date of intimation of the proposed date of meeting of the Board of Directors or its committee to the stock exchanges; or (b) the actual date of the meeting of the Board of Directors or its committee, whichever is earlier, until 48 (Forty Eight) hours after the decision is made generally available to the market, wherein, decision is required to be taken on the matters containing UPSI.

*Provided that* the Trading window restrictions mentioned above in paragraph 10(ii) shall not apply in respect of the following transactions:

- (a) Off-market inter-se transfer between the insiders who were in possession of the same UPSI without being in breach of the Regulations (provided such UPSI was not obtained in terms of regulation 3(3) of the Regulations) and both parties had made a conscious and informed trade decision;
- (b) Transaction carried out through block deal window mechanism between persons who were in possession of UPSI without breach of the Regulations (provided such UPSI was not obtained in

terms of regulation 3(3) of the Regulations) and both the parties had made a conscious and informed trade decision;

- (c) Transaction carried out pursuant to statutory or regulatory obligation to carry out a bonafide transaction;
- (d) Transaction undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations;
- (e) Trades pursuant to trading plans set up in accordance with Regulations;
- (f) Pledge of shares for a bonafide purpose such as raising of funds;
- (g) Transactions undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back or open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time.

If any of the transactions mentioned in paragraphs (a) to (e) above are proposed to be undertaken when the trading window is closed, such transaction may be undertaken subject to compliance with all applicable regulations notified by SEBI from time to time and subject to obtaining pre-clearance from the Compliance Officer.

*Provided further that* the Trading window shall be closed from the end of every quarter till 48 (Forty Eight) hours after the declaration of the financial results. The Company shall ensure that the gap between clearance of account by audit committee and the board meeting shall be as narrow as possible and preferably on the same day to avoid leakage of material information.

- (iii) The Designated Persons and their Immediate Relatives shall not Trade in the Securities of the Company during the period when the Trading window is closed.
- (iv) The Compliance Officer shall determine the timing for re-opening of the Trading window considering various factors including but not limited to the relevant UPSI becoming Generally available information and the same being capable of assimilation by the market.
- (v) The Compliance Officer shall ensure that the Trading window shall not be re-opened earlier than 48 (Forty Eight) hours after the concerned information becomes a Generally available information.

- (vi) The notice of closure of the Trading window provided to the stock exchanges, where the Securities of the Company are listed, by the Compliance Officer, shall be deemed to be an intimation to the Designated Persons / Insiders for adherence and compliance with this Code and the Regulations.
- (vii) All Designated Persons shall conduct all their Trading in the Securities of the Company only in a valid Trading Window and shall not trade in any transaction involving the purchase and sale of the Securities of the Company during the periods when Trading Window is closed, or during any other period as may be specified by the Company from time to time.
- (viii) When the Trading Window is open, any trading by Designated Persons shall be subject to preclearance by the Compliance Officer.

## 11. Pre-clearance of Trades

- (i) A Designated Person, who intend to Trade in the Securities of the Company above the Threshold limit, shall obtain pre-clearance from the Compliance Officer. Application for pre-clearance shall be made only during valid Trading period in the format set out in **Annexure 1** of this Code (**Form I**).
- (ii) The Designated Persons shall make a pre-clearance application to the Compliance Officer in the prescribed format (**Form I**) along with an undertaking in the prescribed format declaring that they are not in possession of any UPSI.
- (iii) Immediately on receipt of the pre-clearance application, the date and time of the receipt of the same shall be recorded thereon. The Compliance Officer shall process the pre-clearance applications and if the pre-clearance application is in accordance and in compliance with the provisions of this Code, the Compliance Officer shall endeavor to communicate the pre-clearance immediately but not later than 48 (Forty Eight) hours from the time of receiving the application.
- (iv) The Designated Person shall, within 7 (Seven) Trading days from the date of receipt of pre-clearance from the Compliance Officer, execute the pre-approved Trade. If the pre-approved Trade is not executed within the stipulated time limit, the Designated Person shall be required to obtain a fresh pre-clearance for such Trade.
- (v) The Designated Persons shall, within 2 (Two) Trading days, required to intimate the Compliance Officer regarding the execution or non-execution of the pre-approved Trades in the format set out in **Annexure 2** of this Code (**Form II**).
- (vi) The Designated Persons shall not enter into “**Contra Trade**” i.e. opposite or reverse transactions, in the Securities of the Company during the next 6 (Six) months from the date of the previous Trade. However, the

Compliance Officer is empowered to modify or relax the said period for reasons to be recorded in writing, provided the same shall not be in violation of this Code and/or the Regulations. The Designated Person shall make an application to the Compliance Officer for the modification or relaxation of the specified timeline in the format set out in **Annexure 3** of this Code (**Form III**).

*Provided that* the restriction in relation to the Contra Trade shall not be applicable for Trades pursuant to exercise of stock options.

- (vii) In the event of a Contra Trade being executed, inadvertently or otherwise, in violation of this Code and / or the Regulations, the profits from such Trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- (viii) In the event of the Compliance Officer intending to Trade in the Securities of the Company beyond the Threshold limit, the pre-clearance of the managing director or in his absence, the chairman of the Board, will have to be obtained. All other provisions of the Code will mutatis-mutandis apply in respect of transactions by the Compliance Officer.

## **Disclosure of Trading by Insiders**

### **12. Initial Disclosures**

Every Promoter, member of the Promoter Group, director and Key Managerial Personnel of the Company shall disclose his holding of the Securities of the Company as on the date of his appointment or on becoming a Promoter or member of the Promoter Group, to the Company within 7 (Seven) days of such appointment or becoming a Promoter or member of the Promoter Group, in **Form B**, the format of which has been prescribed in the Regulations.

### **13. Continual Disclosures**

- (i) Every Promoter, member of the Promoter Group, Designated Persons and Director of the Company shall, in **Form C**, the format of which has been prescribed in the Regulations, disclose to the Company, the number of Securities acquired or disposed of within 2 (Two) Trading days of such transaction if the value of the Securities so traded, whether in one transaction or a series of transactions exceeds the Threshold limit;
- (ii) The Compliance Officer will notify the particulars of such Trading to the stock exchanges on which the Securities of the Company are listed, as applicable, within 2 (Two) Trading days of receipt of the disclosure or from becoming aware of such information.



- (iii) Further, disclosure of any incremental transactions shall be made only when such incremental transactions effected after the prior disclosure crosses the Threshold limit.
- (iv) The Company may, at its sole discretion, require any other Connected Person or class of Connected Persons to make disclosures of its holding and Trading in the Securities of the Company in **Form D**, the format of which has been prescribed in the Regulations and at such frequency as determined by the Company.

#### 14. Annual Disclosures

Every Designated Person of the Company is required to give an annual disclosure within 30 (Thirty) days from the end of each financial year in the format set out in **Annexure 4** of this Code (**Form IV**).

***Note: Trading in the Securities shall also include Trading in derivatives of the Securities and the traded value of the derivatives shall be taken into account for the purpose of making initial and / or continual disclosures as required in paragraph 12 and 13 above.***

***The disclosures to be made under paragraph 12, 13 and 14 of this Code shall include disclosures in relation to (i) the Immediate Relatives of the person making the disclosure; and (ii) any other person for whom Trading decisions are taken by the person making the disclosure.***

#### 15. Other Disclosures

- (i) Every Designated Person of the Company shall also disclose the names and permanent account number or any other identifier authorized by law of the following persons along with their respective phone, mobile and cell numbers, to the Company on an annual basis, and as and when the information changes, in the format set out in **Annexure 4** of this Code (**Form IV**):
  - a) Immediate relatives; and
  - b) Persons with whom such Designated Person shares a Material Financial Relationship.

***Note: "Material Financial Relationship" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a Designated Person during the immediately preceding 12 (Twelve) months, equivalent to at least 25% (Twenty Five Percent) of the annual income of such Designated Person but shall exclude relationships in which the payment is based on arm's length transactions."***

- (ii) Further, every Designated Persons of the Company is required to give the names of the educational institutions from which such Designated Person has graduated and names of their respective past employers, on a one-time basis.

## **16. Procedure and Penalty for non-compliance of this Code**

- (i) The Company shall follow the policies and procedures formulated for inquiry in case of leak or suspected leak of UPSI and accordingly initiate appropriate inquiries on becoming aware of leak of UPSI or suspected leak of UPSI.
- (ii) Any Designated Person, who contravenes the provisions of this Code may be penalized and appropriate action may be taken by the Company in accordance with the policies and procedures formulated for inquiry in case of leak or suspected leak of UPSI, which may include wage freeze, suspension, in-eligibility for future participation in employee stock option schemes, etc. Any amount collected by the Company under this paragraph shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- (iii) The Compliance Officer shall:
  - a) promptly intimate any such violation to the stock exchange on which the concerned Securities of the Company are traded in a format prescribed by the Securities and Exchange Board of India from time to time; and
  - b) maintain a database of the violation of the code of conduct by the Designated Persons and immediate relatives of the Designated Persons that entails initiation of appropriate action against them.
- (iv) In addition to the action that may be taken by the Company, the persons violating the Regulations and/or this Code shall also be subject to action under the Act and the Regulations.

## **17. General**

- (i) The decision of the Compliance Officer or the Board of Directors (as the case may be) with regard to any or all matters relating to this Code shall be final and binding on all concerned parties.
- (ii) This Code is subject to the applicable laws including but not limited to the Regulations and shall supersede the earlier version of the Code.

- (iii) 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.
- (iv) This Code is subject to review by the Board of Directors as and when deemed necessary. The Board of Directors may amend the Code from time to time depending upon the requirements of the provisions of the Regulations and other applicable laws.
- (v) 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 conduct to regulate, monitor and report trading by its employees and other connected persons shall be deemed to be incorporated in this Code by reference and this Code shall be deemed to have been amended and revised accordingly without any need or requirement of any action.
- (vi) For all queries concerning this Code, please contact the Compliance Officer.
- (vii) Any reference to any gender in this Code shall include references to the female, male and neuter genders.

#### ***DISCLAIMER***

***THIS POLICY IS ONLY INTERNAL CODE OF CONDUCT AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. EVERY CONNECTED PERSON IS REQUIRED TO FAMILIARISE HIMSELF WITH THE REGULATIONS AS IT WILL BE THE RESPONSIBILITY OF EACH CONNECTED PERSON (AND HIS RELATIVES) TO ENSURE COMPLIANCE OF THIS CODE, REGULATIONS AND OTHER RELATED STATUTES FULLY.***

**ANNEXURE 1 - FORM I****FORMAT OF APPLICATION FOR OBTAINING PRE-CLEARANCE APPROVAL**

To,  
**The Compliance Officer**  
**Capital India Finance Limited ("Company")**

Dear Sir,

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Insider Trading Policy of the Company, I seek your approval to purchase / sale / subscription of equity shares of the Company as per details given below:

Name of the Applicant	
Designation	
Folio No. / DP ID / Client ID No.	
The proposal is for: 1. Purchase of securities 2. Subscription to securities 3. Sale of securities	
Proposed date of dealing in securities	
Estimated number of securities proposed to be acquired/subscribed/sold	
In whose name the transactions will take place (please insert the name along with relation)	
Price at which the transaction is proposed	
Current market price (as on date of this application)	
Whether the proposed transaction will be through stock exchange i.e. market or off-market deal	
Folio No. / DP ID / Client ID No. where the securities will be credited / debited	

**STATEMENT OF HOLDINGS AT THE TIME OF PRE-CLEARANCE****I. DETAILS OF HOLDINGS OF THE DESIGNATED PERSONS HELD IN THEIR OWN NAME**

Name	Designation	Department	No. of Securities held (with Folio No. /DP ID and Client ID)	Nature of Transaction for which approval is sought [Purchase/Sell/Others]	No. of Securities to be dealt	Aggregate value of the transaction (Rs.) (approx.)

**II. DETAILS OF THE SECURITIES HELD BY MY IMMEDIATE RELATIVES OR THE PERSON WITH WHOM I SHARE A MATERIAL FINANCIAL RELATIONSHIP\* OR OTHER PERSON FOR WHOM TRADING DECISIONS ARE TAKEN BY ME**

Name	Relationship	No. of Securities held (with Folio/DP ID/Client ID)	Nature of transaction for which approval is sought [Purchase/Sell]	No. of Securities to be dealt	Aggregate value of the transaction (Rs.) (approx.)

			/Others]		

***“Material Financial Relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding 12 (Twelve) months, equivalent to at least 25% (Twenty Five Percent) of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.”***

I enclose herewith the form of Undertaking signed by me.

You are requested kindly to give your permission to trade in the equity shares/ other securities of the Company as requested above.

Thanking You,  
Yours truly,

\_\_\_\_\_  
Name:

Date:

Place:

Department:

Enclosure: Undertaking

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR OBTAINING PRE-CLEARANCE APPROVAL**

**UNDERTAKING**

**To,**  
**The Compliance Officer**  
**Capital India Finance Limited**  
(hereinafter referred to as “**Company**”)

I, \_\_\_\_\_ (name), \_\_\_\_\_ (designation) of the Company, residing at \_\_\_\_\_ (address of the Designated Person) hereby declare that, I am not in possession of any Unpublished Price Sensitive Information (as defined in the Insider Trading Policy of the Company) as of date of this undertaking.

I further declare that in the event, I have access to any Unpublished Price Sensitive Information after the signing of this undertaking and before the execution of the Trade for which pre-clearance is requested, I shall:

- a. Promptly inform the Compliance Officer;
- b. Refrain from Trading in the Securities of the Company; and
- c. Make fresh application for obtaining pre-clearance approval from the Compliance Officer (as defined in the Insider Trading Policy of the Company) in Form I only after 2 (Two) days of such Unpublished Price Sensitive Information becoming public.

Upon obtaining pre-clearance for Trading in the Securities of the Company, I undertake to execute the transaction within 7 (Seven) Trading days, failing which I shall seek a fresh pre-clearance approval.

I undertake to submit Form B within 2 (Two) Trading days of execution of the transaction / a NIL report in case the transaction is not executed within 7 (Seven) Trading days of receiving the pre-clearance.

I declare that I have made true and accurate disclosure in this matter as per the provisions of the Insider Trading Policy of the Company and have not contravened any of the provisions of the Insider Trading Policy of the Company and/or the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Thanking You,  
**Yours truly,**

\_\_\_\_\_  
**Name:**

**Date:**

**Place:**

**Department:**

**ANNEXURE 2 – FORM II**

**FORMAT FOR DISCLOSURE OF TRANSACTIONS EXECUTED/NOT EXECUTED AFTER OBTAINING PRE-CLEARANCE OF TRADE**

To,  
**The Compliance Officer**  
**Capital India Finance Limited**  
(hereinafter referred to as “**Company**”)

With reference to trading approval granted by the Company to me on \_\_\_\_\_, I hereby inform that, I have bought/sold/subscribed for \_\_\_\_\_ [*insert the name of the security traded*] of the Company for Rs. \_\_\_\_\_ on \_\_\_\_\_.

In connection with the aforesaid transaction, please find enclosed copy of the following for your records:

Broker’s contract note / proof of payment to / from brokers / extract of bank passbook / statements (in case of demat transaction) / copy of delivery instruction slips (applicable in case of sale transactions).

I hereby undertake to preserve the originals of the above-mentioned document for a period of 5 (Five) years and produce the same to the Company / the Securities Exchange Board of India, as and when required.

OR

With reference to trading approval granted by the Company to me on \_\_\_\_\_, I hereby inform that, I have NOT DEALT in the securities of the Company due to \_\_\_\_\_.

Thanking You,  
**Yours truly,**

\_\_\_\_\_  
**Name:**

**Date:**

**Place:**

**Department:**

**ANNEXURE 3 - FORM III**

**APPLICATION FOR WAIVER OF MINIMUM HOLDING PERIOD**

**To,**  
**The Compliance Officer**  
**Capital India Finance Limited**  
(hereinafter referred to as “**Company**”)

Dear Sir,

I request you to grant me waiver of the minimum holding period of 6 (Six) months as required under the Insider Trading Policy of the Company with respect to ..... [*insert the name of the security to be traded*] of the Company held by me / ..... (name of relative) single / jointly acquired by me on .....(date). I desire to deal in the said [*insert the name of the security to be traded*] on account of ..... (give reasons).

Thanking You,  
**Yours truly,**

\_\_\_\_\_  
**Name:**  
**Date:**  
**Place:**  
**Department:**



## ANNEXURE 4 - FORM IV

### ANNUAL DISCLOSURE

To,  
**The Compliance Officer**  
Capital India Finance Limited  
(hereinafter referred to as “Company”)

Name of the Designated Person:

PAN Number:

Name of Educational Institution from which Designated Person Graduated:

Name of Past Employers:

#### I. DETAILS OF SECURITIES OF THE COMPANY HELD BY ME IN THE COMPANY

Designation	Department	Name and No. of Securities held on April 01, 20....	No. of Securities bought during year	No. of Securities sold During year	No. of Securities held on March 31, 20....	Folio No. / DP ID and Client ID

#### II. DETAILS OF MY IMMEDIATE RELATIVES OR THE PERSON WITH WHOM I SHARE A MATERIAL FINANCIAL RELATIONSHIP\* OR OTHER PERSON FOR WHOM TRADING DECISIONS ARE TAKEN BY ME ALONG WITH THE DETAILS OF THE SECURITIES OF THE COMPANY HELD BY THEM

Name and Relation ship	PAN/any other identifier authorized by Law	Mobile / Phone Numbers	Name and No. of Securities Held on April 01, 20...	No. of Securities Bought during the year	No. of Securities Sold during the year	No. of Securities held on March 31, 20...	Folio No. / DP ID and Client ID

***\*“Material Financial Relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding 12 (Twelve) months, equivalent to at least 25% (Twenty Five Percent) of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.”***

I/We hereby declare that I/We have complied with the Insider Trading Policy of the Company and the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with respect to the [insert the name of the securities] purchased/ sold.

I/We further declare that the above disclosure is true and correct and is in accordance with the previous disclosure given to the Company.

Thanking You,

**Yours truly,**

\_\_\_\_\_  
**Name:**  
**Date:**  
**Place:**  
**Department:**