

D & A FINANCIAL SERVICES (P) LIMITED

Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders

The Securities and Exchange Board of India has notified on July 19, 2019 through SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2019/82 in terms of which, our company is required to frame Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders of Unpublished Price Sensitive Information.

In line with this SEBI Circular Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders with respect to Unpublished Price Sensitive Information (hereinafter referred to as the “Code”) was adopted by the Board of Directors of the Company at its meeting held on 31st August, 2019.

For the purpose of the Code:

Definition

- a) “Act” means the Securities and Exchange Board of India Act, 1992.
- b) “Compliance Officer” means 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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. The Company Secretary of the Company shall act as the Compliance Officer for the purpose of this code.

***Financially Literate** shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

- c) “Connected Persons” means:
 - (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a Designated Person 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.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 also be deemed to be connected persons unless the contrary is established,
 - (a) an immediate 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, 2013; or
 - (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - (i) banker of the Company; or
 - (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 per cent, of the holding or interest
- d) **“Designated Officer/Designated Employees”** shall cover the following:
- All employees in Merchant Banking Division;
 - Such other employees as may be specified and determined from time to time by the Committee Concerning Shares (committee which will monitor the implementation of the Code) and/or Compliance Officer.
- e) **“Designated Persons”**: Designated Persons include inter alia the following-
- (i) Designated Officer/Designated Employee
 - (ii) All Directors of the Company including Independent Directors.
 - (iii) All person or entity belonging to Promoter and Promoter group of the Company.
- f) **“Generally Available Information”** means information that is accessible to the Public on a non-discriminatory basis.
- g) **“Immediate Relative”** means a spouse of a designated persons and includes parent, sibling, and child of such designated persons or of the spouse, any of whom is either dependent financially on such designated persons, or consults such designated persons in taking decisions relating to trading in securities.
- h) **“Informant”** means an individual(s), who voluntarily submits to the SEBI a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;
- i) **“Insider”** means any person who is:
- a) a Connected person

- b) Designated Person
- c) Immediate relative of a & b
- d) in possession of or having access to unpublished price sensitive information;

Explanation: Any person who are in receipt of unpublished price sensitive information pursuant to a “**legitimate purpose**” shall be considered an “**insider**” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.”

- j) ‘irrelevant, vexatious and frivolous information’ includes, reporting of information which in the opinion of the Board, -
 - (i) Does not constitute a violation of insider trading laws; or
 - (ii) Is rendered solely for the purposes of malicious prosecution; or
 - (iii) Is rendered intentionally in an effort to waste the time and resource of the Board.
- k) “**Key Managerial Person**” means person as defined in Section 2 (51) of the Companies Act, 2013 read with SEBI (Merchant Banker) Regulations, 1992.
- l) “**Legitimate Purpose**”: Legitimate Purpose shall include 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.”
- m) “**Legal Representative**” means a duly authorized individual who is admitted to the practice of law in India
- n) “**Original Information**” means any relevant information pertaining to any violation of insider trading laws that is:-
 - (i) derived from the independent knowledge and analysis of the Informant;
 - (ii) not known to the SEBI from any other source, except where the Informant is the original source of the information;
 - (iii) is sufficiently specific, credible and timely to –
 - (1) Commence an examination or inquiry or audit,
 - (2) assist in an ongoing examination or investigation or inquiry or audit,
 - (3) Open or re-open an investigation or inquiry, or
 - (4) Inquire into a different conduct as part of an ongoing examination or investigation or inquiry or audit directed by the SEBI;

Explanation. – Information shall be considered timely, only if as on the date of receipt of the duly completed Voluntary Information Disclosure Form by the Board, a period of not more than three years has elapsed since the date on which the first alleged trade constituting violation of insider trading laws was executed.
 - (iv) not exclusively derived from an allegation made in a judicial or administrative hearing, in a Governmental report, hearing, audit, or investigation, or from the news media, except where the Informant is the original source of the information; and
 - (v) not irrelevant or frivolous or vexatious.

Explanation. –Information which does not in the opinion of the SEBI add to the information already possessed by the SEBI is not original information.

- o) **“Promoter” and “Promoter Group”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- p) **“Reward”** means any gratuitous monetary amount for which an Informant is declared eligible as per the provisions of these regulations
- q) **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof, except units of a mutual fund.
- r) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities include trading in derivatives of securities, and "trade" shall be construed accordingly;

Dealing shall includes “Pledge” of shares of the Company.

Further, trading would also include an act of counseling about procuring or communicating directly any unpublished price sensitive information to any person.

Explanation- *When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

- s) **"Trading Day"** means a day on which the recognized stock exchanges are open for trading.
- t) **“Takeover Regulations”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- u) **“Unpublished Price Sensitive Information”** means any information, relating to a 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 particular securities.
Any other information which, considering its materiality and bearing on the Company’s operations / performance, may be considered ‘unpublished price sensitive information’;
- v) **“Voluntarily providing information”** means providing the SEBI with information before receiving any request, inquiry, or demand from the SEBI, any other Central or State authorities or other statutory authority about a matter, to which the information is relevant.

Words and expressions used and not defined in these regulations but defined in the securities laws, rules and regulations made thereunder shall have the meanings respectively assigned to them in those laws or any statutory modification or re-enactment thereto.

1. PROHIBITION TO BUY / SELL SECURITIES OF THE COMPANY BY INSIDER AND THEIR IMMEDIATE RELATIVES

- The insider including their immediate relative if any, when in possession of any unpublished price sensitive information, as defined in the Regulations, pertaining to any company for which we involved as a Merchant Banker or in any other manner, shall not buy / sell securities of that company, either on their own behalf or on behalf of any other person.
- No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to those Companies or securities listed or proposed to be listed for which we involved as a Merchant Banker or in any other manner, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the Company or securities listed or proposed to be listed for which we involved as a Merchant Banker or in any other manner, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

2. RESTRICTION TO BUY / SELL SECURITIES OF THE COMPANIES FOR WHICH OUR COMPANY INVOLVED EITHER DIRECTLY OR INDIRECTLY BY INSIDER AND THEIR IMMEDIATE RELATIVES

- 2.1 **Insider and their immediate relative shall not** enter into derivative transaction(s) during at any time with respect to the securities of those Company.
- 2.2 **Insider and their immediate relative shall not** buy / sell securities of those company during possession of unpublished price sensitive information with respect to that company.

3. RESTRICTION ON COMMUNICATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION.

- 3.1. No Insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed for which we involved as a Merchant Banker or in any other manner, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

- 3.2. No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed for which we involved as a Merchant Banker or in any other manner, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 3.3 Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information.
 - i. For the above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.
 - ii. The Board of Directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
 - iii. The Board of Directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than 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 structured digital database shall be preserved till the completion of such proceedings.

4. **CHINESE WALL**

The Company has adopted a Chinese wall policy to prevent the misuse of confidential Unpublished price sensitive information, which separates those areas of the Company which routinely have access to confidential unpublished Price Sensitive information (Inside Areas) from other areas, considered as public areas, .

To implement the same, the following procedure shall be followed:

- a. All physical files containing confidential information shall be kept secure under lock and key in custody of officials designated by the Compliance Officer.
- b. All Computer files shall have adequate security of login and passwords. Files containing confidential information should be deleted/destroyed after its use, unless they are required for future purposes or as per law.

- c. Further, under this policy:
 - i. The Designated Persons in the inside areas are not allowed to communicate any Unpublished Price Sensitive Information to anyone in the public areas.
 - ii. The designated persons within the inside area of the Chinese wall have a responsibility to ensure that the Chinese wall is not breach deliberately or inadvertently. Known or suspected breaches of the Chinese wall must be reported to the compliance officer.
 - iii. The establishment of Chinese walls is not intended to suggest that within inside areas unpublished price sensitive information, can circulate freely. Within inside area need-to-know shall be in effect.

5. **DISCLOSURES BY OTHER CONNECTED PERSONS.**

The Company may at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities at such frequency as may be determined by the company in order to monitor compliance with these regulations.

6. **ADDITIONAL DISCLOSURE BY DESIGNATED PERSON**

Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a. Immediate relatives
- b. Persons with whom such designated person(s) shares a material financial relationship
- c. Phone, mobile and cell numbers which are used by them

Explanation–The term “**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 twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions.

7. **PROTECTION AGAINST RETALIATION AND VICTIMIZATION**

The following safeguard shall be provided to employees who files a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under Regulations to the office of Informant Protection of SEBI:

- (i) The Code strictly prohibits any unfair treatment or any retaliatory action in any form against employees who files a Voluntary Information Disclosure Form, irrespective of whether the information is considered or rejected by the SEBI or he or she is eligible for a Reward under these regulations, by reason of:
 - filing a Voluntary Information Disclosure Form under these regulations;

- testifying in, participating in, or otherwise assisting or aiding the 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 the SEBI; or
- breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with the SEBI in any manner.

"Employee" means 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 these regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

- I. Any person found committing any Retaliatory Action against an employee shall be deemed to have committed an act of willful disobedience and will be liable for disciplinary action.

For the purpose of this Rule the expression **"Retaliatory Action"** shall mean without limitation any of the following: discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination against any employee.

- II. In case of any threat or intimidation or likely threat or intimidation of a Retaliatory Action, the employee, may directly approach Chairman/Managing Director/ CEO (Investigating Officer) on an immediate basis. Investigating Officer shall take such steps as may be necessary.
- III. Employee shall not be required to establish that,-
 - a. SEBI has taken up any enforcement action in furtherance of information provided by such person; or
 - b. the information provided fulfils the criteria of being considered as an Original Information under these regulations.
- IV. Informant, who believes that he or she has been subject to retaliation or victimisation by his or her employer, can also approach the competent court or tribunal for appropriate relief.
- V. Nothing in these regulations shall diminish the rights and privileges of or remedies available to any Informant under any other law in force.

11. PENALTIES FOR CONTRAVENTION

Violation of this Code will invite severe disciplinary action. Such disciplinary action will also include wage freeze, suspension, recovery, etc. and the disciplinary action shall be irrespective of action that may be taken by SEBI under the Regulations. Any contravention of these regulations shall be dealt with by SEBI in accordance with the Act. Any amount collected under this clause shall be remitted to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.

Further violations if any made by designated person with respect to code of conduct and when such violation come to the notice of the company, then the company may take actions against those designated person suo moto in line with Code of Conduct and may also levy penalties if any in accordance with company's internal policy.

The Company shall also maintain digital database of violation of Code by insider(s) and their immediate relative that would entail initiation of appropriate action against them. The board of directors shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceeding.

12. GENERAL

This policy is only internal code of conduct and one of the measure to avoid insider trading. It would be the responsibility of each Insider to ensure compliance of SEBI Regulations and statutes fully.

13. COMPLIANCE

The Company shall ensure compliance of SEBI (PIT) Regulations, 2015, as amended, from time to time.