

## **CODE OF CONDUCT IN TERMS OF SEBI (PIT) REGULATIONS, 2015**

*(Including code of fair disclosure of UPSI and minimum standards to regulate, monitor and report trading by insiders)*

### **1. Introduction**

The Prevention of Insider Trading Policy ("Policy") seeks to put in place appropriate systems and controls to adhere with the SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time ("SEBI PIT Regulations").

**J R D FINANCE LIMITED** (hereafter referred to as "Company") is a public limited company incorporated under the provisions of the Companies Act, 1956 and is a Non-Banking Financial Company Non - Systemically Important Non - Deposit taking Company, registered with the Reserve Bank of India. The equity shares of the Company are listed on Metropolitan Stock Exchange of India Limited. Accordingly, this Policy is being formulated in accordance with Regulation 8 and 9 (1) of the SEBI PIT Regulations.

The policy will be adopted after its approval by the Board of Directors. All the Employees of the Company are advised to carefully go through and familiarize themselves with and adhere to the SEBI PIT Regulations and this Policy.

### **2. Applicability**

The Policy framed hereunder and any amendments thereto from time to time shall be applicable to all the Designated Person including the Employees of the Company and their Immediate Relatives.

### **3. Definition of Important Terminologies:**

The term "**Board**" means the Securities and Exchange Board of India.

The term "**Compliance Officer**" shall mean 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the Policy specified in these regulations under the overall supervision of the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.

The term "**Connected Person**" shall mean, any person who is or has during the 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 its officers 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 Unpublished Price Sensitive Information or is reasonably expected to allow such access.

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) Immediate Relative of Connected Person(s); or
- b) Holding company or associate company or subsidiary company; or
- c) Intermediary as specified in section 12 of the Act or an employee or a director thereof; or
- d) Investment company, trustee company, asset management company or an employee or a 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 recognized or authorized by SEBI; or
- i) A banker of the company;
- j) A concern, firm, trust, HUF, company or association of persons wherein a director of a company or his Immediate Relative or banker of the company has more than 10% of the holding or interest.
- k) a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or
- l) a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d).

The term “**Designated Persons**” means the following:

- a. Chief Executive Officer (CEO);
- b. Chief Financial Officer (CFO);
- c. Compliance Officer and Company Secretary;
- d. Board of Director and any other employ having access to Price Sensitive Information;
- e. Any other person approved by the Board of Director.

The term “**Immediate relative**” means 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 of such person, or consults such person in taking decisions relating to trading in securities;

The term “**Generally available information**” means 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;

The term "**Insider**" means any person who is:

- a. a Connected Person; or
- b. in possession of or having access to unpublished price sensitive information.

The term "**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 SEBI PIT Regulations.

The term "**Material Financial Relationship**" (MFR) 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. MFR is applicable to Designated Persons only.

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

The term "**Trading**" means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in the securities of the Company listed or to be listed and "trade" shall be construed accordingly.

The term "**Trading day**" means a day on which the recognized stock exchanges are open for trading;

The term "**Unpublished Price Sensitive Information**" or "**UPSI**" 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 securities 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, delisting, disposals and expansion of business and such other transactions;
- v. Changes in key managerial personnel ; and

Includes the item as prescribed from time to time under Regulation 2(n) of the SEBI PIT Regulations.

#### **4. Role of Compliance Officer**

The Compliance Officer shall be responsible to administer the Code and monitor compliance with the Regulations.

The Compliance Officer shall provide all reports pertaining to the Policy, if any, to the Board of Directors or a Committee thereof on a periodic basis.

The Compliance Officer shall be responsible for implementation of this Policy. The Compliance Officer will have the authority to formulate such policies and procedures, and monitoring mechanism as necessary for adherence to the applicable SEBI PIT Regulations and other relevant guidelines by the Company. The Compliance Officer or the persons designated by him shall be responsible for implementation of this Policy including preservation of confidentiality of UPSI, preclearance of trades, monitoring trading activities of Employees and their Immediate Relatives and preparing and maintaining need based periodical reports.

#### **5. Preservation of "Price Sensitive Information"**

Every employee shall maintain confidentiality of all Unpublished Price Sensitive Information relating to an entity / securities in his/ her possession or to which he/she can have access to and shall not pass on or communicate, provide or allow access to any such information to any person, directly or indirectly, whether by way of making a recommendation for any Trading in Securities or in any other manner whatsoever.

Notwithstanding anything contained in the Policy, no Employee or Director shall use any Unpublished Price Sensitive Information for Trading in Securities, whether for himself/herself or his/her Immediate Relatives or otherwise.

**Structured digital database** shall be 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.

Structured digital database shall be 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.

## **6. Sharing of UPSI on Need to Know basis:**

All information shall be handled within the Company on a need-to-know basis. No Insider shall communicate, provide, or allow access to any UPSI, relating to the securities of the Company listed or proposed to be listed, to any person including other Insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

The receipt of UPSI by any Employee/Director should immediately be reported to the Compliance Department for consideration of restrictions as appropriate.

Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be deemed to be an "Insider".

The entry regarding sharing of UPSI shall be recorded in SDD software on immediate basis, however, in case of delay it shall be recorded within 2 working days of the occurrence of such event. In case the delay exceeds the time limit of 2 working days then the same has to be entered with proper justification for the delay.

## **7. Trading Restriction Period**

In respect of announcement of Quarterly/ Half Yearly/ Yearly Financial Results by the Company, Trading Restriction Period would commence from 1st of the month subsequent to close of the respective quarter/half year/ year and such restriction shall remain in force until 48 hours after the announcement of Financial Results by the Board of Directors of the Company.

## **8. Reporting Requirements for Transactions in Securities**

### **Initial Disclosures**

Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter or member of the promoter group shall disclose their holding of securities of the Company as on the date of appointment or becoming a promoter, to the company within 7 (seven) days of such appointment or becoming a promoter.

### **Continual Disclosures**

Every promoter, member of the promoter group, designated person and director of the Company shall disclose to the company the number of such securities acquired or disposed of within 2 (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. 1,000,000/- (Ten Lakh Rupees only).

□ **Disclosure by the Company**

The Company shall notify the particulars of such trading to the stock exchange on which the securities are listed within 2 (two) trading days of receipt of the disclosure or from becoming aware of such information.

**9. Informant Mechanism - Protection against Retaliation & Victimization**

SEBI has introduced the concept of an “Informant Mechanism” with an intention to curb the practice of insider trading and initiate action against any insider trading activities and ensure integrity of the securities markets.

Any employee can voluntarily submit any information relating to an alleged violation of this Policy which may have occurred or is occurring or has a reasonable belief that it is about to occur, to the Office of Informant Protection of SEBI, in the format and manner as set out in Schedule D to the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019.

Based on this mechanism, irrespective of whether the information is considered or rejected by the Board, such employees will be protected by J R D Finance Limited, against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination, irrespective of whether the information is considered or rejected by SEBI.

SEBI has further clarified that it would not be dealing with the complaints which are anonymous and not specific or substantiated or verifiable. Any complaint which has verifiable or substantiated facts, even if it is anonymous, will be considered by SEBI, for further necessary action.

**10. Penalty for contravention of the Prevention of Insider Trading Policy**

Every Employee shall be individually responsible for complying with the provisions of the Policy including to the extent the provisions hereof are applicable to his/her Immediate Relatives.

Every Employee who contravenes this Policy is liable to be penalized and appropriate action will be taken against such person by Ambit after giving reasonable opportunity to them to explain his/her stand in the matter. Such person shall also be subject to disciplinary action which may include warnings, wage freeze, dismissal, suspension, ineligibility for future participation in ESOPs, forfeiture of benefits, recovery, clawback, monetary fines, termination of employment, etc.

In case it is observed that there has been a material violation of SEBI PIT Regulations the same shall be informed to SEBI, as appropriate, based on the decision of the management and Compliance Officer of the Company.

In case the company believes that there has been a violation of SEBI PIT Regulations, it shall promptly inform the Stock Exchange(s) where the Securities of the Company are traded/listed, in such form and such manner as may be specified by the Board from time to time.

## **11. Review of Policy**

The Audit Committee and/or Board of Directors of the Company shall review the compliance with the provisions of the PIT regulations and this policy at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

Amendments to the Policy can be made only by way of approval of the Board of Directors of the Company.

\*\*\*\*\*