

## ANNEXURE III

### **GENERAL CODE OF CONDUCT – INFOMERICS VALUATION AND RATING PRIVATE LIMITED**

#### **Code of Conduct – Dealing and/or Trading in Securities**

Infomerics Valuation and Rating Private Limited (Infomerics) is committed to comply with the legal and regulatory requirement as well as to maintain the highest standard of ethical conduct. This Code of Conduct for dealing in securities has been prepared in line with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and subsequent amendments as made from time to time.

#### **1. APPLICABILITY**

This Code of Conduct (Code) would be applicable to all the Directors, Rating Committee Members and employees of Infomerics.

#### **2. DEFINITIONS**

2.1 **Client** means and includes any entity in respect of which Infomerics is currently handling any rating or research assignment or had handled such assignment in the last **THREE** months.

2.2 **Code of Conduct or Code** means this Code of Conduct for prevention of Insider Trading.

2.3 **Connected person** 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 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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(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). 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). 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 immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

**2.4 Generally Available Information"** means information that is accessible to the public on a non-discriminatory basis.

**2.5 "Insider"** means any person who is:

- i) a connected person; or*
- ii) a person in possession of or having access to unpublished price sensitive information;*

**2.6 Dealing in securities** means an act of buying, selling, subscribing or agreeing to buy, sell, subscribe or deal in any securities by an employee of Infomerics either on his behalf or on behalf of others.

**2.7 Family members**, for the purpose of this Code, will mean dependent spouse, dependent children and dependent parents of the employee and any such member as may be notified by the employee.

**2.8 Grey list/ Restricted List**

Grey list/Restricted List: Securities of an entity shall be put on the restricted/grey list if InfomericsRatings is handling

- (a) Credit Rating assignment or*
- (b) any other assignment.*

During the period an entity is included in Grey/Restricted list, no employee of Infomerics shall buy, sell, subscribe or deal in the securities of such entity on his behalf or on behalf of others.

**2.9 Immediate Relative**

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 on such person, or consults such person in taking decisions relating to trading in securities;

2.10 **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;

2.11 **Trading** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed according:

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

2.13 **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 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, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel; and
- (vi) material events in accordance with the listing agreement.

2.14 **Working Day** means the day when the regular trading is permitted on the concerned stock exchange(s) where securities of the company are listed.

### **3. COMPLIANCE OFFICER**

The Company has appointed a Ms Anmol Jain- as Compliance Officer who shall report to CEO. Compliance Officer may be replaced by the CEO as per the need of the organisation. The same shall also be intimated to the Board at its meeting held immediately after such change.

### **4. PRESERVATION OF THE PRICE SENSITIVE INFORMATION**

Every employee/Director/Rating Committee member of the Company shall maintain the confidentiality of all price sensitive information (PSI) which might come to them while performing their functions for the company. The employees shall not:

- i) *Pass on or disclose PSI directly or indirectly to their family members, friends, business associates or any other individual connected to them;*
- ii) *Discuss PSI in public places;*
- iii) *Disclose PSI to any employee who otherwise need not know the information in discharge of duties;*
- iv) *Be seen or perceived to be dealing in securities of the client/prospective clients based on unpublished PSI.*

**5. NEED TO KNOW**

The Employees/Directors/Rating Committee Members who are privy to unpublished PSI, shall handle the same on a “need to know” basis. Unpublished PSI shall be disclosed only to those within the Company who need the information in the course of performance or discharge of their duties and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

**6. CHINESE WALL**

- i. To prevent the misuse of confidential information, the Company has adopted a “Chinese Wall” policy which separates those areas of the Company which routinely have access to confidential information, considered ‘inside areas’ from those areas which deal with providing support services and have no access to confidential information, considered as public area.
- ii. Persons from inside area shall not communicate any PSI to any one in public area.
- iii. There will be physical separation of ‘inside area’ and ‘public area’.
- iv. In case due to exceptional circumstances if information from inside area is given to employee in public area on the need-to-know basis criteria, intimation shall be given to Compliance Officer.

**7. PREVENTION OF MISUSE OF PSI**

The Employees/Directors/Rating Committee Members of the Company shall not use PSI to buy or sell or deal in the securities of client/prospective client, whether for their own account, their relatives, account, Company’s account or Client’s account.

**8. PRE-CLEARANCE OF TRADES**

- i) All employees/Wholtime Directors (WTD)/CEO of the Company who intend to deal in the securities of the Client company shall get the transaction pre-cleared from the Compliance Officer. The Compliance Officer shall also get his such transaction pre-cleared from the CEO.
- ii) Application for pre-clearance may be made in the **Form III** along with **Form I** as annexed to this code.
- iii) Such approval, if granted, shall be given in **Form IV** and shall be valid for 7 working days from the date of approval;
- iv) In case of Employees/WTD, they can continue to hold securities which they are currently holding. They may take prior approval to dispose of such securities subject to Grey/restricted period and/or for buying any fresh security (comprising equity shares,

preference shares, debentures and bonds). However, employees involved in the rating/research process shall not have ownership of the securities of the Issuer/client.

## **9. RESTRICTED/GREY LIST**

9.1 In order to monitor Chinese wall procedures and trading in client securities based on inside information, the Company shall restrict trading in certain securities and designate such list as restricted / grey list.

9.2 Security of a listed client company shall be put on the restricted / grey list if the Company is handling any assignment for the listed company or is preparing appraisal report or is handling credit rating assignment and is privy to Price-Sensitive Information.

### **For External Rating Committee Members (ERCM)/Rating Review Committee Members (RRCM)**

- All entities included in RCM/RRCM agenda will be on restricted/Grey list from the date of receipt of the RCM/RRCM agenda by them and upto four weeks from the date of ERC/RRC meeting or publication of press release whichever is earlier. No transaction shall be carried out in the securities of the entities which are in grey list.
- In case any External Rating Committee/Rating Review Committee Member & their dependants wants to transact in securities of any of the rated entity, prior approval of the Compliance Officer would be required.
- The External Rating Committee/Rating Review Committee Member will disclose their investments to Infomerics at the time of appointment and thereafter every year by April 15 for all the holdings as on preceding financial year. ERC/RRC members will also be required to disclose their investment within seven days of making such investments. ERC/RRC member(s) will also not participate in the discussion for assigning rating to the entities in which he/she or his/her dependents hold any investment.

### **For Internal Rating Committee Members (IRCM)**

- The Internal Rating Committee Members and their dependents cannot transact in the securities rated by **Infomerics**. In the case of other securities, they can continue to hold securities which they are currently holding. They may take prior approval to dispose of such securities subject to grey/restricted period. However, they may continue to invest in units of mutual fund units, Government securities, deposits made into PPF account/Post Office Savings Scheme/ Fixed Deposits placed with banks/ RBI Relief Bonds/Capital gain Bonds, etc.



- The Internal Rating Committee Members will also not participate in the discussion for assigning rating to the entities in which he/she or their dependents holds any investment.
- As the restricted list itself is a highly confidential information it shall not be communicated, directly or indirectly, to anyone outside the Company. The Restricted List shall be maintained by Compliance Officer.
- When any securities are on the Restricted List, trading in these securities by Employees may be blocked or may be disallowed at the time of pre-clearance. For Rating Committee members, the limitation period would be as mentioned in 9.2 above.

## **10. PROHIBITION ON TRADING**

- 10.1 When the entities are in restricted/Grey list, dealing in securities of these entities will be restricted and guided by the provisions of Clause 9 above.
- 10.2 Notwithstanding the above clauses, the dealing analyst (s) and the VP (Rating)/GM directly involved as a supervisor cannot deal in the securities of the client company either on his/ their behalf or on behalf of family members or any other person, till the time they continue to handle the rating assignment (including ongoing surveillance) of a particular entity and three months thereafter. (Explanation: As the dealing analyst(s)/VP (Rating)/GM or any designated Rating officers interacts with the client entity on a regular basis, he/she may come across with confidential unpublished price sensitive information about such entity).
- 10.3 The restrictions as applicable to the employees of Infomerics will also apply to dealing in securities in either his/their behalf or on behalf of family members or any other person for such time they are deemed to have price sensitive information about such entity.

## **11. MINIMUM PERIOD OF HOLDING**

- 11.1 All transactions in securities must be of investment in nature and not speculative. Towards this end, all securities purchased must result in delivery. In case of derivatives, it shall be delivery of contract note.
- 11.2 All Employees/Access Persons of Infomerics shall hold their investments for a minimum period of 60 days (after purchase before selling) in order to be considered as being held for investment purposes.

11.3 The holding period shall also apply to purchases in the primary market (Initial Public Offerings or IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.

**12. DEALING IN RESTRICTED/GREY LIST SECURITIES UNDER EXCEPTIONAL CIRCUMSTANCES:**

Only under specific/emergency/exceptional circumstances, employees of Infomerics may be permitted to deal in grey list/restricted securities by obtaining in advance permission from the Compliance Officer. The compliance officer may grant such permission only after being fully satisfied about the exceptional circumstances, exigency and not as a matter of routine. The application for waiver of minimum holding period may be made by an employee in **Form V** and the approval if granted shall be communicated to the employee in **Form VI**.

**13. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES**

13.1 All Employees/WTD shall be required to forward the following details of securities transactions to the Compliance Officer. The submissions of Forms may be done as enumerated below:

- i) Statement of dependent family members in **Form II**;
- ii) All holding in securities at the time of joining the Company (**Form VII**) within 7 working days of joining;
- iii) A statement of purchase or sales in **Form VIII** to be submitted within seven working days (after receiving pre-clearance) from the date of transaction;
- iv) Annual statement of holding in **Form IX**. This needs to be given by Independent Directors and Rating Committee members also. **Form IX** shall be submitted within 30 working days from the end of the financial year.

13.2 The Compliance Officer to maintain records of all the declarations/statements, etc. for a period of five years.

**14. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT**

14.1 every Specified Person shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/her Dependents).



14.2 Any Employee / Wholetime Directors / Independent Directors who trades in the securities or communicates any information or counsels any person trading in the securities, in contravention of this code of conduct or the said Regulations may be penalised and appropriate action may be taken by the Company.

14.3 The Employees / Wholetime Directors / Independent Directors of the Company who violate this code of conduct or the said Regulations may also be subject to disciplinary action by the Company, which may include reprimand, wage freeze, suspension, etc.

14.4 The action taken by the Company shall not preclude SEBI from taking any action in case of violation of Regulations or any other applicable laws/rules/regulations.

## **15. OTHERS**

- i) In case any violation has been observed by the Company, the Compliance Officer shall report the same to the Board immediately. Compliance Officer may report the same to SEBI also wherever it is deemed fit depending on the nature of violations.
- ii) Compliance Officer may submit a compliance certificate to the Chairman/CEO/Board at the end of every quarter.

## **16. OTHER RESTRICTIONS**

- i) No Employee / Wholetime Directors shall hold securities of any Company the rating assignment of which is being handled by him. This restriction will be applicable to the concerned supervisor(s) also.
- ii) In any event, no contra trade shall be executed for a period of six months (i.e., if a security sold/bought by an employee, the same security cannot be bought/sold, as the case may be, for a period of six months from the date of the first transaction).