

# **Birla Capital And Financial Services Limited**

23, Birla Mansion No. 2, 1st Floor, 1st Floor, D. D. Sathe Marg,  
Prathna Samaj, Mumbai - 4. Tel. : 2386 7498 / 2387 6489  
Fax : 2385 8269 • E-mail : info@birlainternational.net  
CIN : L51900MH1985PLC 036156

## **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS**

### **Preamble**

In terms of Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of every listed company and market intermediary shall formulate a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to the said regulations, without diluting the provisions of these regulations in any manner.

### **The Code and Obligations**

To achieve the objectives of this Code, Birla Capital and Financial Services Limited (herein after referred to as "the Company") hereby notifies that this code of conduct shall be followed by all promoters, directors, key managerial personnel, employees and connected persons.

The Company endeavours to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

Every promoter, director, key managerial personnel, employee of the Company and any connected person has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the company. No such person may use his or her position or knowledge of the Company to gain personal benefit or to provide benefit to any third party.

### **Part A - Definitions**

**'Insider Trading':** When insiders use unpublished price sensitive information to arrive at securities trading (including buying as well as selling) decisions, the action is referred to as insider trading;

**'Insider'** means any person who is:

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- ii) in possession of or having access to unpublished price sensitive information;

**'Company'** means Birla Capital and Financial Services Limited;

**'Compliance Officer'** means the Company Secretary of the Company;

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**‘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 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;

**"generally available information"** means information that is accessible to the public on a non-discriminatory basis;

**"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;

**"trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;



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

**"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.

**'Dealing in Securities'** means buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent and includes exercising of options;

**'Officer'** means and includes any employee of the Company in the rank of Senior Manager and above and includes statutory and internal auditors of the Company;

**'Designated Persons'** shall mean:

- (i) Managing and Whole-time Directors;
- (ii) General Managers; and
- (iv) Employees designated by the Board of Directors from time to time to whom the trading restrictions shall be applicable.

## Part B

### 1. Compliance Officer

The Company has appointed the Company Secretary as Compliance Officer who shall administer the code of conduct and other requirements under these regulations.

The Compliance Officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors at such frequency as may be stipulated by the Board of Directors.

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## **2. Preservation of "Unpublished Price Sensitive Information"**

All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations.

All the Employees and connected persons designated on the basis of their functional role ("designated persons") in the organisation shall be governed by an internal code of conduct governing dealing in securities. The board of directors shall in consultation with the compliance officer specify the designated persons to be covered under the code on the basis of their role and function in the organisation.

### **3.1 Need to know**

Unpublished Price Sensitive Information is to be handled on a "need to know" basis, i.e., Unpublished Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.

### **3.2 Limited access to confidential information**

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc. Files containing confidential information should be deleted / destroyed after its use. Shredder should be used for the destruction of physical files.

## **4. Restrictions on Communication and Trading by Insiders**

- (i) 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, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- (ii) 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, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.



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- (iii) Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:—
  - (a) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
  - (b) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.
- (iv) For purposes of sub-regulation (3), 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, except for the purpose of sub-clause (iii), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

## 5. **Trading when in possession of unpublished price sensitive information.**

- (i) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

Provided that the insider may prove his innocence by demonstrating the circumstances including the following : –

- (a) the transaction is an off-market *inter-se* transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;
- (b) in the case of non-individual insiders: –
  - the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and

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- appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

(c) the trades were pursuant to a trading plan set up in accordance with regulation 5.

(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

(3) The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

## 6. 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 trades may be carried out on his behalf in accordance with such plan.

(ii) Such trading plan shall:—

- (a) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (b) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;
- (c) entail trading for a period of not less than twelve months;
- (d) not entail overlap of any period for which another trading plan is already in existence;
- (e) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- (f) not entail trading in securities for market abuse.

(iii) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these 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.



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- (iv) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

*Provided that* the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-clause (i) of clause 5.

- (v) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

## 7. Trading Restrictions

All directors, key managerial personnel and designated persons of the Company shall be subject to trading restrictions as enumerated below :-

### 7.1 Trading Window

The period prior to declaration of unpublished price sensitive information is particularly sensitive for transactions in the Company's securities. This sensitivity is due to the fact that the Directors, Key Managerial Personnel and Designated Persons will, during that period, often possess unpublished price sensitive information.

During such sensitive times, the Directors, Key Managerial Personnel and Designated Persons will have to forego the opportunity of trading in the Company's securities.

The Directors, Key Managerial Personnel and Designated Persons of the Company and their immediate relatives shall not deal in the securities of the Company when the trading window is closed. The period during which the trading window is closed shall be termed as prohibited period.

- (i) The trading window shall be, inter alia, closed at the time of :-

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- (a) Declaration of Financial results (quarterly, half-yearly and annual)
  - (b) Declaration of dividends (interim and final)
  - (c) Issue of securities by way of public/ rights/bonus, etc.
  - (d) Any major expansion plans or execution of new projects
  - (e) Amalgamation, mergers, takeovers and buy-back
  - (f) Disposal of whole or substantially whole of the undertaking
  - (g) Any changes in policies, plans or operations of the Company disruption of operations due to natural calamities;
  - (h) Commencement of any new commercial operations where the contribution therefrom is likely to exceed 5% of the total turnover of the Company during that financial year;
  - (i) Developments with respect to changes in pricing / realisation on services arising out of changes in government policy;
  - (j) Litigation / dispute with a material impact;
  - (k) Revision of credit ratings assigned to any debt or equity instrument of the Company;
  - (l) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company;
- (ii) The period of closure shall be effective from the date of announcement of the meeting of the Board of Directors up to 48 hours after the information is submitted to the Stock Exchange.

## 8. Pre-clearance of trades

- (i) All Directors, Key Managerial Personnel and Designated Persons of the Company who intend to deal in the securities of the Company during the period when the trading window is open, in excess of 10000 equity shares in number shall pre-clear the transactions as per the pre-dealing procedure as described hereunder.
- (ii) An application for pre-clearance of trade may be made in Form 'P-1' to the Compliance Officer.
- (iii) No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.
- (iv) The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for preclearance of trades.



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- (v) Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- (vi) The Compliance Officer shall on receiving an application provide the Director, Officer, Designated Employee with an acknowledgement on the duplicate of the application.
- (vii) The Compliance Officer shall grant approval within 2 days from the date of acknowledgement.
- (viii) The Compliance Officer shall retain copies of all applications and acknowledgements.
- (ix) In exceptional circumstances consent may not be given if the Compliance officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price sensitive information. There shall be no obligation to give reasons for any withholding of consent.
- (x) If so requested by the Compliance Officer, Director, Officer, Designated Person must ensure that his stockbroker is authorised to disclose to the Company all matters relevant to his share dealings.
- (xi) The designated person who is permitted to trade shall not execute a contra trade within a period of six months. The compliance officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing in this regard provided that such relaxation does not violate these regulations. An application for the same shall be made to the Compliance Officer in prescribed format. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, 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.

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## **9. Reporting Requirements for transactions in securities**

### **9.1 Initial Disclosures**

Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

### **9.2 Continual Disclosures**

- (i) Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within 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 ten lakh rupees or such other value as may be specified by SEBI from time to time.
- (ii) Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-clause, shall be made when the transactions effected after the prior disclosure cross the threshold specified in sub-clause (i) of clause 9.2.

- (iii) Disclosures by other connected person: Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

### **9.3 Records of disclosures received by the Company**

The Compliance officer shall maintain records of all the disclosures, declarations in the appropriate form given by the Promoters, Directors, Key Managerial Personnel, Designated Persons for a minimum period of five years.



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The Compliance officer shall place before the Chairman / Managing Director, all the details of the dealing in the securities by the Promoters, Directors, Key Managerial Personnel, Designated Persons of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code, upon the receipt of the same.

## **10. Penalty for contravention of Code of Conduct**

Any Director, Key Managerial Personnel, Designated Person who trades in securities or communicates any information for trading in securities, in contravention of the code of conduct may be penalised and appropriate action may be taken by the Company.

Directors, Key Managerial Personnel, Designated Person of the Company who violate this Code of Conduct shall also be subject to disciplinary action by the company, which may include wage or salary freeze, suspension, ineligibility for future participation in employee stock option plans, withholding of promotions, etc.

The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **11. Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015**

In case it is observed by the Company and / or Compliance Officer that there has been a violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI shall be informed by the Company.

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## 'Form P 1' PRE-CLEARANCE OF TRADE

To,  
Compliance Officer  
\_\_\_\_\_ Limited

**Sub. : Application for Pre Clearance of trade**

Dear Sir,

I \_\_\_\_\_ S/D/W/o \_\_\_\_\_ being a Director/Office/Designated Employee of the Company hereby seek your approval for:-

- a) buying \_\_\_\_\_ (number) of \_\_\_\_\_ (type of security) of the Company in my/dependent family member's name;
- b) Selling \_\_\_\_\_ (number) of \_\_\_\_\_ (type of security) of the Company in standing in my/ dependent family members' name ;

Through Stock Exchange/ private arrangement with M/s/Mr./Mrs.  
\_\_\_\_\_ having Folio No./DP & Client ID No.  
\_\_\_\_\_.

As on date I/my dependent family members hold the under mentioned securities of the Company:

Name of Holder	Folio No./DP & Client ID No.	Type of Securities	No. of Securities

Further I undertake and confirm that:

- a. I do not have any access to nor in receipt of any "Price Sensitive Information" upto the time of signing this under taking.
- b. In case I get access to or receive any "Price Sensitive Information" subsequent to the signing of this undertaking but prior to the execution of the transaction I shall



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- c. inform you of the change in my position and that I would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- d. I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- e. I have made full and true disclosure in the matter.
- f. I/my dependent family member shall execute the transaction in respect of the proposed securities of the company within one week after the approval of pre-clearance is obtained. In this event of the transaction not being executed within one week from the said approval. I shall again apply for pre-clearance approval for the transaction.
- g. I/my dependent family members undertake to hold the said securities for a minimum period of 30 days in order to be considered as being held for investment purposes.

Thanking you,

(Signature)