

KUMBHAT FINANCIAL SERVICES LIMITED

Policy on Procedure of Inquiry in case of Leak of Unpublished Price Sensitive Information

Under Regulation 3(5) of the SEBI (Prohibition of Insider Trading) Regulations, 2015

1. Background

The SEBI (Prohibition of Insider Trading) Regulations, 2015 (the 'Regulations') mandates every listed company to formulate a written policy and procedure for inquiry in case of leak of Unpublished Price Sensitive Information ('UPSI') or suspected leak of UPSI (the 'Policy') and initiate appropriate inquiries on becoming aware of leak or suspected leak of UPSI and inform the Securities Exchange Board of India (SEBI) and the Stock Exchanges promptly of such leaks, inquiries and results of such inquiries.

The Board at its meeting held on 07.11.2002 has adopted this Policy. The board is empowered to constitute a committee in terms of this policy and to monitor the system very strictly.

The Committee shall implement the procedures under this Policy for initiating inquiry in case of leak or suspected leak of UPSI and inform SEBI and the Stock Exchanges promptly of such leaks, inquiries and outcome of such inquiries

2. Prime Objectives

- (i) To enhance the internal control systems to prevent the leak of UPSI.
- (ii) To restrict and prohibit the practice of un-authorized sharing of UPSI.
- (iii) To monitor and control the un-ethical practices of sharing UPSI by the Insiders including the employees, designated persons, or any other persons as may be determined on a case to case basis by the Committee with any person, firm, company or body corporate.
- (iv) To take penal/disciplinary actions, over and above the actions as may be initiated by SEBI, against any Insider who has been in breach of this policy.

3. Scope

The Policy shall be applicable to all the Insiders as defined below.

4. Definitions

“Code” means ‘Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders as contemplated in the **Policy on Procedure of Inquiry in case of Leak of Unpublished Price Sensitive Information** and Code of practices and procedures for fair disclosure of unpublished price sensitive information as indicated in Annexure A

- (i) “Company” means Kumbhat Financial Services Limited.
- (ii) “Compliance Officer” shall mean the Company Secretary & Compliance Officer of the Company.
- (iii) “Insider” shall “Insider” means any person who is,
 - (a) a connected person; 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.
 - (b) or a person in possession of or having access to unpublished price sensitive information
 - (c) 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:
 - (1) an immediate relative of connected persons specified in clause (a) or (b) above; or
 - (2) a holding Company or associate Company or subsidiary Company; or
 - (3) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
 - (4) an investment Company, trustee Company, asset management Company or an employee or director thereof; or
 - (5) an official of a stock exchange or of clearing house or corporation; or
 - (6) 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
 - (7) 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 an official or an employee of a self-regulatory organization recognized or authorized by the Board; or a 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.

- (v) **“Inquiry Committee”** means the committee constituted to conduct inquiry against any case of leak or suspected leak of UPSI.
- (vi) **“Leak of UPSI”** means the communication of information, which is/deemed to be UPSI, by any person(s) who is in possession of UPSI, to any other person, directly or indirectly, overtly or covertly or in any manner whatsoever, other than to a person for legitimate purposes, performance of duties or discharge of legal or statutory obligations.
- (vii) **“Suspect”** means the person(s) against or in relation to whom an inquiry is initiated in case of a leak or suspected leak of UPSI.
- (viii) **“Structured Digital Database”** shall mean the database maintained by the Company in accordance with clause 3(5) of the Regulations.
- (ix) **“Unpublished price sensitive information or UPSI”** means 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 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) such other information as may be specified by the Compliance Officer for this purpose.
- (x) **“Regulations”** shall mean SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
- (xi) **“Working days”** means working days of the Company.

Words and expressions used and not defined in this Policy but defined under the Code, Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

(xii) Applicability

This Policy will apply to the Insider as defined under the Code.

(xiii) Sharing of UPSI

- a. A person who is covered under the Code and who is in possession of or having access to the UPSI, shall share the UPSI only for legitimate purposes, performance of duties or discharge of legal or statutory obligations, in adherence to the Code.
- b. When any UPSI is shared, it must be recorded in the Structured Digital Database of the Company in the manner as prescribed in the Code.
- c. Any non-compliance with sub clauses above will be construed as leakage of UPSI.

(xiv) Procedure for inquiry in case of Leak or suspected Leak of UPSI

a. Source of information relating to the leak of UPSI

Any member of the Inquiry Committee shall, on becoming aware suo moto or on receipt of an intimation of a leak or suspected leak of UPSI from:

- i. the Suspect; or
- ii. Any other person(s); or
- iii. Regulators,

follow the below-mentioned procedure in order to inquire the matter.

b. Preliminary Inquiry

The object of preliminary inquiry is to establish prima facie case based on the information or complaint about leak or suspected leak of UPSI. The Inquiry Committee shall ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and collect necessary available material in support of the allegations, and thereafter decide whether there is justification to initiate further inquiry. In the event, the Inquiry Committee considers the complaint or information baseless or frivolous, it shall dismiss the Inquiry. The Compliance Officer shall intimate SEBI and the Stock Exchanges about such Leak or suspected Leak of UPSI.

c. Detailed Inquiry

If the prima facie is established, the Inquiry Committee shall proceed to conduct a detailed inquiry. The Inquiry Committee shall appoint and/ or authorise the Compliance Officer or any other person(s) as it may deem fit, to collect the relevant facts, materials and documents substantiating actual or suspected leak of UPSI. The Inquiry Committee shall complete the inquiry within 15 (fifteen) working days or period of time as reasonably deemed fit by the Inquiry Committee from the date of receipt of such intimation. The Inquiry Committee shall submit its decision thereof along with its recommendation of any disciplinary or other actions as may be necessary.

The Compliance Officer shall simultaneously intimate SEBI and the Stock Exchanges about such Leak or suspected Leak of UPSI.

d. Inquiry Committee

Inquiry Committee shall consist of the following person(s):

- i. Chief Financial Officer;
- ii. Company Secretary
- iii. Compliance Officer

- iv. Any other person(s) nominated by the Committee.

Inquiry Committee may seek advice of any other person as it may deem fit for completion of any inquiry. If any member of the Inquiry Committee has a conflict of interest in any given case, then he/she should recuse himself/herself, and other members of the Inquiry Committee shall deal with the matter.

(xv) Duties of a Compliance Officer

The Compliance Officer shall be responsible for:

- a. overseeing the Compliance of this Policy;
- b. informing the Board of Directors about any incident of the actual or suspected leak of UPSI; and
- c. reporting the incident of the actual or suspected leak of UPSI to SEBI and Stock Exchanges and outcome of the preliminary and detailed inquiry.

(xvi) Duties of the Inquiry Committee

The Inquiry Committee shall be responsible:

- a. to conduct inquiry to ascertain the truth or otherwise, contained in the information or complaint pertaining to the actual or suspected leak of UPSI;
- b. to authorise any person(s) to collect necessary evidence;
- c. to keep the identity of the Suspect confidential till the completion of inquiry unless it is essentially required for the purpose of investigation;
- d. to provide opportunity of being heard to the Suspect, during the inquiry proceedings; and
- e. to notify the Suspect of the allegations at the outset of an internal investigation and provide him with the opportunity to represent his case himself and submit evidence.

(xvii) Powers of the Inquiry Committee

For the purpose of conducting an inquiry, the Inquiry Committee may:

- a. call upon
 - i. persons to seek clarification or information pertaining to the leak;
 - ii. person(s) involved in originating, processing and dissemination of relevant information;
 - iii. person(s) who had access to the information;
 - iv. any market intermediaries, fiduciaries and other person(s)/ entity (ies) who have access to UPSI.
- b. At its discretion, invite external investigators / experts.

- c. Take interim actions including sending the Suspect on leave, restrict physical access to any records or premises, freeze access to computer systems, electronic devices or emails, etc., during the pendency of the Inquiry.
- d. To take disciplinary action thereon including the wage freeze, suspension, recovery, claw back, termination etc.
- e. Do all such acts, deeds, matters and things as are necessary for the purpose of the conduct of the Inquiry.

(xviii) Rights and Obligations of the Suspect

- a. The Suspect shall
 - i. Co-operate with the Inquiry Committee during the inquiry process.
 - ii. Provide necessary clarification and material in his defence.
- b. The Suspect has the responsibility to keep the inquiry proceedings confidential and not to interfere with the inquiry. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Suspect.
- c. No allegation of wrongdoing against a Suspect shall be considered as maintainable unless there is evidence in support of the allegation as may be determined by the Inquiry Committee.
- d. Be informed of the outcome of the Inquiry.

(xix) Amendment

The Committee, subject to applicable laws, rules and regulations, may amend / the Policy from time to time.

KUMBHAT FINANCIAL SERVICES LIMITED

ANNEXURE – A

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

(Pursuant to Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015)

1. Short Title and Commencement:

The Code of practices and procedures for fair disclosure of unpublished price sensitive information is framed pursuant to Regulation 8(1) of the Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, read with Schedule-A thereof with the approval of the Board of Directors of the Company. The Code shall be called KFSL Code of Fair Disclosure and herein after called "Code".

2. Practices and Procedures:

The Code lays the following practices and procedures for preventing any leakages of UPSI:

- a. Unpublished Price Sensitive Information (UPSI) which will impact on price of Security shall be promptly disclosed to general public.
- b. UPSI shall not be disseminated selectively but it should be disseminated uniformly and universally.
- c. Compliance Officer shall be the Chief Investor Relations Officer to deal with dissemination of information and disclosure of UPSI.
- d. Prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- e. The Company shall give appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
- f. The following practice shall be complied while meeting/conferences with analysts, investors and research personnel:
 - (i) No UPSI shall be shared with them and only information available in public domain shall be shared.
 - (ii) Transcripts or records of proceedings of meeting with them shall be placed on website of the Company.
- g. All UPSI shall be handled on a need-to-know basis.
All information shall be handled on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person, including other insiders, except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations.
Unpublished Price Sensitive Information should be disclosed only to those who need the information to discharge their duties and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

3. Policy on determination of legitimate purposes:

No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the 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.

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 except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

“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 the Code.

Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of the Code and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with the Code.

4. Amendment:

The Board shall have the authority to review and amend the contents of this Code whenever necessary to ensure that the Code remains effective and meets its objectives. The Code (as amended from time to time) will be made available on the Company’s website: www.kumbhatfinancialserviceslimited.com