



**Code of Conduct for
Prevention of Insider Trading and
Fair Disclosure of Unpublished Price Sensitive Information**

2022-2023

Board Secretariat Department

**Registered Office
#29/1, Sir M N Krishna Rao Road
Basavanagudi
Bengaluru – 560 004**

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)

A. Code of conduct for prevention of Insider Trading for Can Fin Homes Ltd. (CFHL)

1. Preamble

In order to have an internal procedure for prevention of insider trading in the Company in compliance of the SEBI (Prohibition of Insider trading) Regulations, 2015.

2. The definitions of some important terminologies (as per regulation 2 of the said regulations) are given below:

Unless the context otherwise requires:—

- (a)** "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (b)** "Board" means the Securities and Exchange Board of India;
- (c)** "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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board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 of the listed company or the head of an organization, as the case may be;
- (d)** "Connected person" means :
 - (1) 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himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
 - (2) "Deemed to be connected persons" shall mean the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
 - (i) an immediate relative of connected persons as defined above; or
 - (ii) a holding company or associate company or subsidiary company; or
 - (iii) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
 - (iv) an investment company, trustee company, asset management company or an employee or director thereof; or
 - (v) an official of a stock exchange or of clearing house or Company; or
 - (vi) 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
 - (vii) 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
 - (viii) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - (ix) a banker of the company; or
 - (x) 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;

- (e) "Generally available information" means information that is accessible to the public on a non-discriminatory basis;
- (f) "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;
- (g) "Insider" means any person who is:
 - i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
- (h) "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- (i) "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; "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;
- (j) "Trading day" means a day on which the recognized stock exchanges are open for trading;
- (k) "Unpublished price sensitive information" (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's, disposals and expansion of business and such other transactions;
 - (v) changes in key managerial personnel; and
- (l) "Material Information/events" as stipulated under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (please refer Chapter X for the list of material information/events for disclosure).

3. Restrictions on communication and trading by Insiders

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

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

Any person 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.

(3) 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:–

- (i) 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;
 - (ii) 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.
 - (4) 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-regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.
 - (5) 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.
 - (6) 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. 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:
- (i) 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;
 - (ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision; Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.
 - (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
 - (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
 - (v) in the case of non-individual insiders: –
 - (a) 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

- (b) 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;
- (vi) the trades were pursuant to a trading plan set up in accordance with regulation 5.

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.

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

5. Trading Plans.

- (1) 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.
- (2) Such trading plan shall:–
 - (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
 - (ii) 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;
 - (iii) entail trading for a period of not less than twelve months;
 - (iv) not entail overlap of any period for which another trading plan is already in existence;
 - (v) 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
 - (vi) not entail trading in securities for market abuse.
- (3) 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.
- (4) 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-regulation (1) of regulation 4.
- (5) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

6. General provisions as per the said Regulations

- (1)** Every public disclosure shall be made in such form prescribed by SEBI.
- (2)** The disclosures to be made by any person shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- (3)** The disclosures of trading in securities shall also include trading in derivatives of securities, if permitted by law and if applicable, and the traded value of such derivatives shall be taken into account.
- (4)** The disclosures made shall be maintained by the Company for a minimum period of five years, in such form as may be specified.

7. Disclosures by certain persons.

(1) Initial Disclosures.

- (a)** 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 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.

(2) Continual Disclosures.

- (a)** Every promoter, member of the promoter group, designated person 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;
- (b)** 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-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause 2(a).

(3) Disclosures by other connected persons

The Company, being listed, may, at its discretion require any other connected person or class of connected persons to make disclosures of holding 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 these regulations.

As per Regulation 8(1) of the said Regulations, the code of practices and procedures for fair disclosure of unpublished price sensitive information based on the principles as per Schedule A and the code to regulate, monitor and report trading by the employees and other connected persons based on the minimum standards as per Schedule B of the said regulations, framed by the Board of Directors are given below:

B. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive information (UPSI) in terms of Regulation 8 of SEBI (Prohibition of Insider Trading Regulations, 2015)

1. Purpose

The purpose of this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (the "Code") is to clearly outline the procedures and practical guidelines that would be followed by Can Fin Homes Ltd. for transparent, regular, consistent and timely public disclosure and dissemination of Unpublished Price Sensitive Information. Can Fin Homes Ltd. is committed to accurate, factual and timely disclosure based on applicable legal and regulatory requirements.

2. The Principles and Obligation

The Company endeavours to preserve the confidentiality of Unpublished Price Sensitive Information and to prevent misuse of such information. Every insider (Promoter/Director/Employee-etc.) who deals with Unpublished Price Sensitive Information has a duty to safeguard the confidentiality of all such information obtained in the course of performance of his or her duties in the Company. There shall be no selective disclosure of information and the Company and insider shall endeavour to ensure equal accessibility of Unpublished Price Sensitive Information to all the stakeholders associated with the Company. This Code is framed without diluting the principles set out in Schedule A attached to the Regulations. The Code and the amendments thereto shall be promptly intimated to the stock exchanges as required under Regulation 8.

3. Scope/Applicability

This Code shall be applicable and binding on all the employees, officers, directors and those persons authorized to speak on behalf of the Company. This Code shall come into force with immediate effect.

4. The definitions of some important terminologies: The important definitions of the words used in this Code are as defined supra under Para A of this Chapter, in the code for prohibition of Insider Trading.

5. Policy

(a) The Company shall make prompt public disclosure of Unpublished Price Sensitive Information, such as decision on dividend payment, acquisition, amalgamation, restructuring etc; and such other information that would materially affect the price, as soon as credible and concrete information comes into being and will make the same information generally available by way of making an appropriate disclosure to the Stock Exchange(s) on which the Company's shares are listed as per the SEBI Regulations as amended from time to time.

(b) The Company shall ensure that Unpublished Price Sensitive Information is disseminated uniformly and universally and shall avoid selective disclosure.

(c) The Company would designate one of its senior officer as the Chief Investor Relations Officer from time to time, who shall be responsible to deal with the dissemination of information and disclosure of any Material Information.

Employees must not respond under any circumstances to inquiries from the stock exchanges, the media or others, unless authorized to do so by the Managing Director & CEO of the Company.

(d) If any Unpublished price sensitive information is disclosed selectively, inadvertently

or otherwise, the Chief Investor Relations Officer on having knowledge of such partial dissemination shall upload the information on the website of the Company and if required intimate the Stock Exchange(s) to ensure that the Unpublished Price Sensitive Information is generally available.

(e) The Company shall ensure at all times that appropriate and fair response to queries on news reports are made and requests for verification of market rumors by regulatory authorities are provided promptly. However, the Company shall not be under an

obligation to respond to speculative news/press reports.

(f) If the media reports carry such information which is largely accurate and the information underlying the speculation or rumour or news/press report is based on insider information, which has been leaked, the Company shall ensure to respond to the same to make such information generally available.

If the market information or news/press report is false or inaccurate, the Company is not under an obligation to make any announcement / negative disclosures. However, if the Stock Exchange(s) were to make a query to clarify the position, the Company shall make a formal announcement to the Stock Exchange(s) and shall not selectively disclose any information / make a negative disclosure.

(g) The Company communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Company also participates at investor conferences from time to time. All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non - discriminatory basis. The presentations made to analysts and fund managers are placed on the Company's website. The official news releases are also displayed on the said website.

(h) The main channel of communication to the shareholders is through the annual report. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and uploaded on the Company's website.

(i) Briefings are given to update the market after each quarterly results are announced through group meetings or teleconference. Meetings with investors (bilateral and general) are being held to ensure that the investment community receives a balanced and complete view of the Company's performance, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading. Individual meetings will also be held with the institutional shareholders, fund managers and analysts to share generally available information.

(j) The Company shall strive to develop best practices to make transcripts or records of proceedings of official meetings with analysts and other investor relations conference(s) on the Company's website to ensure official confirmation and documentation of disclosures made.

(k) The Company shall ensure that the Unpublished Price Sensitive Information is being handled on a "need to know" basis. The Company shall ensure that the Unpublished Price Sensitive Information is being disclosed or communicated needs to have access to such information for furtherance of legitimate purposes, performance/discharge of respective duties or discharge of legal / contractual obligation and such possession of Unpublished Price Sensitive Information will not give rise to any conflict of interest or misuse of such information.

(l) The Company while disclosing the Unpublished Price Sensitive Information on a need to know basis to any person (s) shall appropriately communicate to such person(s), being in possession of Unpublished Price Sensitive Information to ensure that he/she shall:

- a. not misuse the unpublished price sensitive information in his/her possession.
- b. not communicate any Unpublished Price Sensitive Information as in his/her possession to any other insider or outside entity.
- c. report to the Chief Investor Relations Officer/Compliance Officer, misuse of Unpublished Price Sensitive Information as noticed by him/her with appropriate evidence supporting the same.

In case, the Unpublished Price Sensitive Information is being disclosed to person(s) who is not an employee of the Company, apart from complying with point a, b and c above, such person(s) shall also be required to enter into a Confidentiality Agreement with the Company in the format as may be prescribed by the Company.

(m) The Company shall maintain and store records in respect of disclosures made by it through any means under the relevant provisions of the Companies Act, 2013, Rules made thereunder, SEBI Act, 1992, Rules, Regulations and Guidelines issued there under and the SEBI (LODR) Regulations 2015s, for audit and future reference.

(n) No designated employee including his/her immediate relatives shall either on his/her own behalf or on behalf of any other person, trade or undertake to trade or cause to trade in the Securities of the Company (i) when he/she is in possession of any Unpublished Price Sensitive Information and (ii) during the Restricted Trading Period which will be communicated at periodical intervals.

(o) This Code shall be reviewed from time to time and any amendments or modifications thereto shall be subject to the review and approval of the Board of Directors of the Company.

**B. Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders
[As per SCHEDULE B – Regulation 9(1) and (2)]**

1. Purpose

The purpose of this Code of conduct is to regulate, monitor and report trading by Insiders towards achieving compliance with the Regulations, adopting the minimum standards set out in Schedule B to the Regulations, without diluting the provisions in any manner.

2. The Principles and Obligation

The Company endeavours to regulate and monitor the reporting of trading by Insiders in terms of the Regulations.

3. Scope/Applicability

This Code of conduct shall be applicable and binding on all the employees, officers, directors and the connected persons. This Code shall come into force with immediate effect.

4. The definitions of some important terminologies

The important definitions of the words used in this Code are as defined under Para A of this Chapter, in the code for prohibition of Insider Trading.

5. Policy

- (a) 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 but not less than once in a year.
- (b) All information shall be handled within the organisation on a need-to-know basis and nonpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of his legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to "cross the wall".
- (c) Designated Persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.
- (d) Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.
- (e) The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.
- (f) When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate.
- (g) 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.

- (h) The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.
- (i) The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trades 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.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

- (j) The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.
- (k) Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension etc., that may be imposed, by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.
- (l) The code of conduct shall specify that in case it is observed by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these regulations, they shall inform the Board promptly.
- (m) 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

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one-time basis.

- (n) Listed entities shall have a process for how and when people are brought 'inside' on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.
