

# **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION FOR ADHERING TO THE PRINCIPLES OF FAIR DISCLOSURE**

[Under Regulation 8 (1) read with Regulation 3 of the SEBI (Prohibition of Insider Trading) Regulations, 2015]

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## **KIFS Financial Services Limited**

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## **1. INTRODUCTION**

1.1. The Securities and Exchange Board of India (“SEBI”) notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) on January 15, 2015, as amended from time to time, which is effective from May 15, 2015.

1.2. The SEBI further amended the above regulations vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 effective from April 01, 2019.

1.3. Pursuant to Regulation 8 of the PIT Regulations, KIFS Financial Services Limited (“KFSL” or the “Company”) is required to formulate a code of practices and procedures for fair disclosure of unpublished price sensitive information (“UPSI”) (“Fair Disclosure Code”).

1.4. Further, pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company is required to make a policy for determination of “Legitimate purpose” as a part of “Code of Fair Disclosure and Conduct” formulated under regulation 8 of the PIT Regulations.

1.5. Accordingly, the Board of Directors of the Company has adopted this new code of practices and procedures for fair disclosure of unpublished price sensitive information covering a policy for determination of “Legitimate purpose” in Board Meeting dated February 14, 2019. However, this amended code of practices and procedures will be effective w.e.f. April 1, 2019. So, till March 31, 2019, old code will be continued applicable in the Company.

## **2. SCOPE**

2.1. KFSL endeavours to preserve the confidentiality of UPSI and to prevent its misuse. To achieve these objectives, and in compliance with the PIT Regulations, KFSL has adopted this Fair Disclosure Code.

2.2. This Fair Disclosure Code ensures timely and adequate disclosure of UPSI which would impact the price of its securities and to maintain uniformity, transparency and fairness in dealing with all its stakeholders.

2.3. KFSL is committed to timely and accurate disclosure based on applicable legal and regulatory requirements.

## **3. MEANING AND DEFINITION**

Words and expressions used but not defined in this Fair Disclosure Code shall have the same meaning assigned to them in the PIT Regulations or the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be or in any amendment thereto.

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#### **4. PRINCIPLES OF FAIR DISCLOSURE**

To adhere to each of the principles as set out in Schedule A to the PIT Regulations, KFSL shall ensure to the followings:

(a) The Company will make Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

(b) The Company will make uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.

(c) The Company Secretary will act as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.

(d) The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

(e) The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.

(f) The Company will ensure that information, if any, shared with analysts and research personnel is not unpublished price sensitive information.

(g) The Company will develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

(h) Unpublished price sensitive information shall be handled on a “need-to-know” basis, i.e. unpublished price sensitive information shall be disclosed only to those who have actual need.

#### **5. POLICY FOR DETERMINATION OF LEGITIMATE PURPOSES AS PER REGULATION 3 OF THE SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

**5.1. Purpose of Policy:** This policy is for the purpose of taking care about Communication or Procurement of UPSI.

##### **5.2. Communication of UPSI**

An insider as defined in Regulation 2(g) of the PIT Regulations shall not:

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- Communicate, provide, or allow access to any UPSI, relating to KFSL or securities of the Company listed with stock exchanges, to any person including other insiders **except where such communication is in furtherance of legitimate purposes**, performance of duties or discharge of legal obligations.
- It is an obligation on all insiders who are essentially persons in possession of UPSI to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis.

### 5.3. Procurement of UPSI

- No person shall procure from or cause the communication by any insider of UPSI, relating to a company or securities of the Company, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- It is intended to impose a prohibition on unlawfully procuring, possession of UPSI from Insider or the Company.
- Inducement and procurement of UPSI not in furtherance of one's legitimate duties and discharge of obligations **would be considered as illegal** under the PIT Regulation.

### 5.4. Meaning of Legitimate Purpose

- Actually, "Legitimate Purpose" is not specifically defined in the PIT Regulations. However, it shall include sharing of UPSI in the ordinary course of business by the Insider.
- "Legitimate Purpose" shall include sharing or communication of UPSI by the Insider **in the ordinary course of business** with the partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants. However, such sharing of UPSI should not be carried out to evade or circumvent the prohibitions of the PIT Regulations.

### 5.5. Recipient of UPSI is also Insider

- Any person in receipt of UPSI pursuant to a "legitimate purpose" shall also be considered an "insider" for purposes of PIT regulations.
- Accordingly, the sender of UPSI shall give a due notice to the recipient of UPSI to maintain confidentiality of such UPSI in compliance with the PIT regulations. Thus, the Insider shall write to the recipient of UPSI about to keep confidentiality of information.

### 5.6. Communication of UPSI for other purpose

Notwithstanding anything contained in this policy, an UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would:

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- 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 sharing of such information is in the best interests of the company;
- **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 sharing of such information is in the best interests of the company and the information that constitute UPSI 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 to be adequate and fair to cover all relevant and material facts.
- For this purpose, the Company 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) of Regulation 3 of the PIT Regulations, and shall not otherwise trade in securities of the company when in possession of UPSI.

#### **5.7. Maintenance of Structured Digital Database**

- The Company shall **maintain a structured digital database** containing the names of such persons or entities as the case may be with whom information is shared under this policy read with PIT Regulations, along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.
- Such **structured digital database** shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

### **6. AMENDMENTS**

This Fair Disclosure Code is subject to review by the Board of Directors as and when deemed necessary. The Board of Directors of KFSL may amend the same from time to time depending upon the requirements of the provisions of the Companies Act, 2013, the PIT Regulations and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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