

POLICY FOR PROCEDURE OF INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)

[Under Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015]

This Policy shall come into effect from April 1, 2019

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“PIT Amendment Regulations”) mandates every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information and initiate appropriate action on becoming aware of leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

In this regard, the Board of Directors has laid down this policy for procedure of inquiry in case of leak of Unpublished Price Sensitive Information (‘the policy’), for adoption.

This policy is made pursuant to Regulation 8(1) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

1. OBJECTIVE OF THE POLICY

- To strengthen the internal control system to prevent leak of UPSI.
- To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and inform the same to the Securities and Exchange Board of India (“SEBI”) promptly.
- To restrict and prohibit the practice of sharing of UPSI, with the un-authorized person, which originates from within the company and which affects the market price of the Company as well as loss of reputation and investors’/financers’ confidence in the company.
- To penalize any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy.

2. DEFINITIONS

For the purposes of this code, the words and expressions given below shall carry the meaning as stated hereinafter.

- a) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended.
- b) **“Company”** means RSD Finance Limited.
- c) **“Compliance Officer”** means the Company Secretary or in absence of the Company Secretary, any senior officer, designated so and reporting to the board of directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in this Code of Practices and Procedures and the Compliance officer shall function and carry out his responsibilities under the overall supervision of the Board of Directors of the Company.

Explanation – for the purpose of this regulation “financial literate” shall mean a person, who has ability to read and understand basic financial statement like Balance Sheet, Statement of Profit and Loss, Cash Flow statement etc.

- d) **"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 -

- 1) an immediate relative of connected persons specified in clause (i) above; or
- 2) a holding company or associate company or subsidiary company; or
- 3) 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
- 8) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- 9) a banker of the company; or
- 10) 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) “Designated Employee(s)” shall include all employees:—

- 1) Directors of the Company and its subsidiaries;
- 2) Executive Officers of the Company;
- 3) Key Managerial Personnel;
- 4) All other employees of the Company and its material subsidiaries, irrespective of their cadre working in accounts, finance, taxation departments, secretarial, legal and compliance departments, internal audit department, business / investor’s relations and corporate communications department;
- 5) such other persons as may be notified by the Compliance Officer as per direction of the Board.

f) “Designated Person(s)” shall include :

- 1) Connected Person
- 2) Designated Employees
- 3) Promoters and members of the Promoter group

g) “Director(s)” means a Director appointed on the board of the Company

h) “Employee(s)” mean employee(s) of the Company.

i) “Generally available information” means information that is accessible to the public on a non-discriminatory basis.

NOTE: Information published on the website of a stock exchanges, would ordinarily be considered generally available.

- j) **“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.
- k) **“Insider”** means any person who is
 - 1) a connected person; or
 - 2) in possession of or having access to unpublished price sensitive information;
 - 3) any person who is in receipt of unpublished information for legitimate purpose.

It is clarified that any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for the purpose of this code.

NOTE: Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

- l) **“Key Managerial Personnel” (KMP)** , in relation to the Company, means:
 - 1) the Chief Executive Officer or the Managing Director, the Whole-Time Director or the Manager;
 - 2) the Company Secretary;
 - 3) the Chief Financial Officer;
 - 4) such other officer as may be prescribed by the Board of Directors of the Company.

- m) **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- n) **"Regulations"** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- o) **"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.
- p) **"Stock Exchanges"** shall mean any recognized stock exchange on which Company's securities are listed.
- q) **"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: –
- 1) Financial results;
 - 2) Dividends;
 - 3) Change in capital structure;
 - 4) Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
 - 5) Changes in key managerial personnel; and
 - 6) Any other matter as prescribed under the listing regulations and/or corporate law to be price sensitive from time to time.

Words and phrases used in the Code and not defined hereinabove shall have the same meaning as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made there under shall have the meanings respectively assigned to them in those legislation.

Words denoting the singular shall include the plural and vice versa and words denoting masculine gender shall include reference to feminine or neuter gender.

3. APPLICABILITY

This policy shall apply to all designated persons and immediate relative of designated persons and persons in possession of or having access to unpublished price sensitive information.

4. PREVENTION FROM LEAKAGE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

Every Designated Person is required to maintain strict confidentiality of all Unpublished Price Sensitive Information and prohibited from passing on such information to any person directly or indirectly. Attention is specifically drawn to Regulation 3(i) of the PIT Regulations, 2015 which prohibits an insider to communicate, provide, or allow access to any Unpublished Price Sensitive Information relating to the Company or its securities listed or proposed to be listed. All data, documents, information, forms, records, files (physical as well as soft files) are required to be kept secure and confidential by all the designated persons. All information within the organization shall be handled on need to know basis. When a person who has traded in securities has been in possession of unpublished price sensitive information, his/her trade would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

5. DISCLOSURE OF ACTUAL OF SUSPECTED LEAK OF UPSI TO STOCK EXCHANGES

On becoming aware of actual or suspected leak of Unpublished Price Sensitive Information of the Company, the Compliance Officer shall ensure that the same shall be promptly intimated to the Stock Exchanges on which the securities of the Company are listed in the format as set out in “Annexure A” to this policy.

6. REPORT OF ACTUAL OF SUSPECTED LEAK OF UPSI TO SEBI

On becoming aware of actual or suspected leak of Unpublished Price Sensitive Information of the Company, the Compliance Officer shall ensure that a report on such actual or suspect leak of UPSI, preliminary enquiry thereon and results thereof shall be promptly made to the SEBI in the format as set out in “Annexure B” to this policy.

7. CONSTITUTION OF ENQUIRY COMMITTEE

The Board of Directors or any Committee authorized by them in this behalf shall constitute a committee to be called as “Enquiry Committee”. The Enquiry Committee shall consist of minimum 3 (three) Members which shall include Managing Director, Chief Financial Officer and Compliance officer and any other officer of the Company as may be mutually decided by the members of the Committee.

8. DUTIES OF ENQUIRY COMMITTEE:

- 1) To investigate the matter;
- 2) To ask concerned insider for personal presence, examination, cross examination etc.;
- 3) To call for personal information/documents from insider;
- 4) To file complaint, if required, before police authority / Designated cell under Information Technology Act, 2000;
- 5) To retain the documents gathered during investigation;
- 6) To report to Audit Committee.

9. INQUIRY FOR LEAKAGE OF UPSI

All UPSI shall be handled on a need to know basis only. In case of any UPSI is proposed to be provided, the person proposing to provide the information shall consult Chief Financial Officer / Company Secretary / Managing Director in advance.

In case any UPSI is leaked or is suspected to be leaked by any insider, the Enquiry Committee will investigate the matter and collect / gather the evidences and will report to the Chairman of Audit Committee. The Chairman of the Audit Committee will thereafter convene meeting of Audit Committee depending on severity of the matter.

10. PROCESS FOR INQUIRY

All the matters concerning leak of UPSI or suspected leak of UPSI will be thoroughly investigated by Enquiry Committee. Such Committee may at their discretion, consider involving external investigators for the purpose of the investigation. The Enquiry Committee may ask the concerned insider to remain present for investigation, discussion etc. and for such investigation task team may ask

for personal bank account statement or such other details or documents as it deems fit.

11. REPORT TO AUDIT COMMITTEE FOR APPROPRIATE ACTION

The Enquiry Committee will report to the Chairman of the Audit Committee and upon receipt of report the Chairman will convene a meeting of the Audit Committee depending on the severity of the matter. The Audit Committee based on such report shall decide the suitable action including but not limited to withholding of salary / termination of employment / monetary penalty.

12. AMENDMENT

The Board reserves the right to amend or modify this policy in whole or part, in accordance with any regulatory amendment or notification or otherwise, at any time without assigning any reason whatsoever. Any such amended policy will be accordingly updated on the website of the Company.

The Company will also promptly intimate any amendment to this policy to the stock exchanges, as required under the Regulations also disseminate on company's website.

ANNEXURE – A

FORMAT FOR INTIMATION OF ACTUAL OR SUSPECTED LEAK OF UPSI TO THE STOCK EXCHANGES

To Stock Exchange (s)
Address
XXXXXXXXXXXX

Dear Sir / Madam,

Sub: Intimation of actual or suspected leak of UPSI pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are reporting actual or suspected leak of Unpublished Price Sensitive Information (UPSI) of the Company, as follows

Name of Offender, if known	
Name of Organization	
Designation (Employee, Insider, Designated Person or any other)	
Nature of Information	
Whether any action initiated by the Company If yes, narration of the same	Yes/No

ANNEXURE – B

FORMAT FOR REPORTING ACTUAL OR SUSPECTED LEAK OF UPSI TO THE SEBI

To
Securities and Exchange Board of India
Plot No. C 4-A, G Block, Near Bank of India,
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051

Dear Sir / Madam,

Sub: Report of actual or suspected leak of UPSI pursuant to regulation 9A (5) of SEBI (Prohibition of Insider Trading) Regulation, 2015

Pursuant to Regulation 9A (5) of SEBI (Prohibition of Insider Trading) Regulation, 2015, we are reporting actual or suspected leak of Unpublished Price Sensitive Information (UPSI) of the Company, as follows:

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are reporting actual or suspected leak of Unpublished Price Sensitive Information (UPSI) of the Company, as follows

Name of Offender, if known	
Name of Organization	
Designation (Employee, Insider, Designated Person or any other)	
Nature of Information	
Whether any action initiated by the Company If yes, narration of the same	Yes/No