# Insider Trading and Fair Disclosure of Unpublished Price Sensitivity Information of *Samasta Microfinance limited*

[Pursuant to SEBI (Listing Obligations and Disclosure Requirement), 2015]

Version No. 1.0

*Approved by the BOD 23.01.2020*

**CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS**

**BACKGROUND**

The Securities and Exchange Board of India ("SEBI") has, in pursuance of the powers conferred on it under the Securities and Exchange Board of India Act, 1992, notified a new Regulation for prohibition of Insider Trading, viz., SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations").

The Company, being a debt listed company, is required to conform to the minimum standards prescribed by the Code for the purpose of regulating, monitoring and reporting Trading by insiders. It is necessary that all Samasta Microfinance Limited ("SMFL") Employees and Connected Persons are fully aware of the provisions of this Code. This document embodies the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to be adopted by Samasta Microfinance Limited ('the Company') and followed by its Directors, Officers, Employees and Connected Persons.

The Code seeks to ensure timely, fair and adequate disclosure of price sensitive information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's Securities.

Accordingly, the Board of Directors of the Company at its meeting held on January 23, 2020 approved and adopted the Code.

**DEFINITION**

For the purpose of the Code the following terms shall have the meanings assigned to them hereunder:

I. **"Act"** means the Securities and Exchange Board of India Act, 1992;

II. **"Board"** means the board of directors of the Company;

III. **"Code"** shall mean Samasta Microfinance Limited- Code of Conduct to Regulate, Monitor and Report Trading by Insiders, as amended from time to time;

IV. **"Code of Fair Disclosure and Conduct"** means the code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information, as amended from time to time;

V. **"Compliance Officer"** means the Company Secretary of the Company and in his absence any senior officer, so designated by the Board for the purpose of compliance with the Code.

VI. **"Connected Person"** means:

**a.** any person who is or has during the 6 months prior to the concerned act been associated with the 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 of the Company or is reasonably expected to allow such access.

b. 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

2. a holding company or associate company or subsidiary company of the 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 (viii) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

8. a banker of the Company; or

9. 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.

VII. "**Director**" means a member of the Board.

VIII. "**Designated Person(s)"** shall include the following:

1. Directors;

2. Key Managerial Personnel;

3. Chief Commercial Officer;

4. General Counsel; and

5. Any other person as identified and notified by the Compliance Officer from time to time, with the approval of the Board.

IX. **"Employee**" means employee of the Company;

X. "**Generally Available Information**" means information that is accessible to the public on a non-discriminatory basis;

XI. **"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;

XII. "**Insider**" means any person who is (a) a Connected Person; or (b) in possession of or having access to Unpublished Price Sensitive Information;

XIII. **"Insider Trading Regulations**" means the Securities and Exchange - Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

XIV. **"Key Managerial Personnel"** means person as defined in Section 2(51) of the Companies Act, 2013;

XV**. "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;

XVI. "**Stock Exchanges"** means the stock exchanges on which the Securities of the Company are listed or proposed to be listed;

XVII. **"Specified Persons**" means the Directors, connected persons, the insiders, the Designated Employees and the promoters and immediate relatives, collectively referred to as "Specified Persons".

XVIII. "**Takeover Regulations**" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;

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

XX. **"Unpublished Price Sensitive Information**" or **"UPSI"** means any information, relating to the Company or its Securities, listed or to be listed, that is not generally available which upon becoming generally available, is likely to materially affect the price of the Securities and shall, ordinarily include without limitation, information relating to the following:

1. financial results;

2. dividends;

3. change in capital structure;

4.mergers, de-mergers, acquisitions, delisting, disposals, amalgamation, restructuring, arrangement, spin off and expansion of business and similar other transactions;

5. changes in Key Managerial Personnel;

6. proposed changes in the general character or nature of its business; and g) material events in accordance with the listing agreement.

XXI**. "Working Day"** means the working day when the regular trading is permitted on the concerned Stock Exchange.

Words and expressions used and not defined in this Code but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made there under shall have the meaning assigned to them in those legislation as the context may so require.

**ROLE OF COMPLIANCE OFFICER**

The Compliance Officer shall report on insider trading to the Board of Directors of the Company 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.

The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct.

Compliance Officer can delegate his authority to any financially literate executive in the event of Compliance Officer on leave or is away from the registered office of the Company

**PRESERVATION OF "PRICE SENSITIVE INFORMATION"**

All information shall be handled within the Company 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.

**NEED TO KNOW**

1. **"need to know"** basis means that 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 the information.

2. All non-public information directly received by any employee should immediately be reported to the head of the department.

3. Limited access to confidential information. Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

4. Prevention of misuse of "Unpublished Price Sensitive Information" Employees and connected persons designated on the basis of their functional role "designated persons") in the Company shall be governed by this internal code of conduct governing dealing in securities.

**"CHINESE WALL" PROCEDURE**

a. To prevent the misuse of confidential information the Company shall adopt the "Chinese Wall" policy which separates those areas of the functions which routinely have access to confidential information, considered "inside areas" from those areas which deal with branch operations/ sale/ marketing/investment advice or other departments providing support services, considered "public areas".

b. The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area. The employees in inside area may be physically segregated from employees in public area.

c. In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the compliance officer.

**PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION**

All Directors/ KMP/ Designated Employees/ Connected Persons and their immediate relatives shall be subject to trading restrictions as enumerated below.

**TRADING PLAN**

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company 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.

**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;
VI. not entail trading in securities for market abuse.

The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he/she shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

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.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

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

There are no specific trading plans for Samasta since the Company has not listed any Shares in the stock exchanges and has only listed Non-Convertible debentures in the Bombay Stock Exchange("BSE") and National Stock Exchange ("NSE"). However, the Insider shall follow the above trading plan when he is dealing in the securities of the Company.

**TRADING WINDOW AND WINDOW CLOSURE**

a. The trading period, i.e. the trading period of the stock exchanges, called "trading window", is available for trading in the Company's securities.

b. The trading window shall be, inter alia, closed 15 days prior to and during the time the unpublished price sensitive information is published.

c. When the trading window is closed, the Specified Persons shall not trade in the Company's securities in such period.

d. All Specified Persons shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase

or sale of the Company's securities during the periods when the trading window is closed, as referred to in Point No. (ii) above or during any other period as may be specified by the Company from time to time.

The Compliance Officer shall intimate the closure of trading window to all the designated employees of the Company when he/she determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information.

The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.

The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

**PRE-CLEARANCE OF TRADES**

All Specified Persons, who intend to deal in the securities of the Company when the trading window is opened and if the value of the proposed trades is up to Rs. 10 Lakhs (market value) or 1% of total shareholding, whichever is less, should pre-clear the transaction. However, no designated person shall be entitled to 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 and hence he shall not be allowed to trade.

The pre-dealing procedure shall be hereunder:

1. An application may be made in the prescribed Form (Annexure 1) to the Compliance officer indicating the estimated number of securities that the Specified Employee intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.

2. An undertaking (Annexure 2) shall be executed in favour of the Company by such Specified Employee incorporating, inter alia, the following clauses, as may be applicable:
a. That the employee/director/officer does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.

b. That in case the Specified Employee has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.

c. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.

d. That he/she has made a full and true disclosure in the matter.

3. All Specified Persons shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance (Annexure 3) is given.

4. The Specified Person shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed. (Annexure 4).

If the order is not executed within seven days after the approval is given, the employee/director must pre-clear the transaction again.

All Specified Persons who buy or sell any number of securities of the Company shall not enter into an opposite transaction i.e. sell or buy any number of securities during the next six months following the prior transaction. All Specified Persons shall also not take positions in derivative transactions in the securities of the Company at any time. In case of any 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 Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act. In case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.

**OTHER RESTRICTIONS**

The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions. The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code.

The disclosures made under this Code shall be maintained for a period of five years.

1. The disclosures made under this Code shall be maintained by the Company, for a minimum period of five years, in such form as may be specified.

2. Continual Disclosure: All Samasta Employees (including Designated Persons) shall disclose to the Company the number of Securities acquired or disposed of within 2 (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 Rs. 10,00,000/- (Rupees Ten Lakhs).

3. Disclosure by other Connected Persons: The Company may at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in Securities in such form and at such frequency as may be determined by the Company in order to monitor compliance with the Regulations.

4. Disclosure by Company to Stock Exchanges: The Company shall notify the particulars of such trading to the Stock Exchange within 2 (two) Trading Days of receipt of the disclosure or from becoming aware of such information.

5. Extension of disclosure: The disclosures required to be made by any person under this Chapter shall extend to such person’s Dependants or any other person financially dependent on such

person or any person who consults with such person while taking trading decisions. Additionally, the disclosures requirements under this Chapter would be required to be made irrespective of the transaction being pre-approved.

**PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT**

Every Specified Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents). Any Specified Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalised and appropriate action may be taken by the Company. Specified Persons who violate the Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Subsequent modification(s) / amendment (s) to SEBI (Prevention of Insider Trading) Regulations, 2015 shall automatically apply to this Code. The Board reserves the right to modify and/or amend this Code at any time. This Code and subsequent amendment(s) thereto, shall be published on the web-site of the Company.

ANNEXURE 1

**SPECIMEN OF APPLICATION FOR PRE-DEALING APPROVAL**

Date:

To,
The Compliance Officer,
Samasta Microfinance Limited
110/3, Lalbagh Main Road,
Krishnappa Layout,
Bangalore- 560027

Dear Sir/Madam,

Application for Pre-dealing approval in securities of the Company Pursuant to the SEBI (prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for Prevention of Insider Trading,

I seek approval to purchase / sale / subscription of _____ Non-convertible debentures of the Company as per details given below:

1. Name of the applicant

2. Designation

3. Number of securities held as on date

4. Folio No. / DP ID / Client ID No.)

5. The proposal is for (a) Purchase of securities (b) Subscription to securities (c) Sale of securities
6. Proposed date of dealing in securities

7. Estimated number of securities proposed to be acquired/subscribed/sold

8. Price at which the transaction is proposed

9. Current market price (as on date of application)

10. Whether the proposed transaction will be through stock exchange or off-market deal

11. Folio No. / DP ID / Client ID No. where the securities will be credited / debited I enclose herewith the form of Undertaking signed by me.

Yours faithfully,

(Signature of Employee)

ANNEXURE 2

**FORMAT OF UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE**

**To,**
The Compliance Officer,
Samasta Microfinance Limited
110/3, Lalbagh Main Road,
Krishnappa Layout,
Bangalore- 560027

UNDERTAKING I, _____, _____ of the Company residing at _____, am desirous of dealing in _____ * securities of the Company as mentioned in my application dated _____ for pre-clearance of the transaction. I further declare that I am not in possession of or otherwise privy to any unpublished Price Sensitive Information (as defined in the Company's Code of Conduct for prevention of Insider Trading (the Code) up to the time of signing this Undertaking. In the event that I have access to or received any information that could be construed as "Price Sensitive Information" as defined in the Code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Code as notified by the Company from time to time. I undertake to submit the necessary report within four days of execution of the transaction / a 'Nil' report if the transaction is not undertaken. If approval is granted, I shall execute the deal within 7 days of the receipt of approval failing which I shall seek pre-clearance.

I declare that I have made full and true disclosure in the matter.

Date:

Signature: _____

* Indicate number of securities

**ANNEXURE 3**

**FORMAT FOR PRE- CLEARANCE ORDER**

To,

Name: _____

Designation: _____

Place: _____

This is to inform you that your request for dealing in _____ (nos) securities of the Company as mentioned in your application dated _____is approved. Please note that the said transaction must be completed on or before _____ (date) that is within 7 days from today. In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,

For Samasta Microfinance Limited

Compliance Officer

Date: _____

Encl: Format for submission of details of transaction

ANNEXURE 4

**FORMAT FOR DISCLOSURE OF TRANSACTIONS**

(To be submitted within 2 days of transaction / dealing in securities of the Company) To, The Compliance Officer, Samasta Microfinance Limited)

I hereby inform that I • have not bought / sold/ subscribed any securities of the Company • have bought/sold/subscribed to _____ securities as mentioned below on ____ (date)

Name of holder

No. of securities dealt with Bought/sold/subscribed

DP ID/Client ID / Folio No

Price (Rs.)

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 3 years and produce to the Compliance officer / SEBI any of the following documents:

1. Broker's contract note.

2. Proof of payment to/from brokers.

3. Extract of bank passbook/statement (to be submitted in case of demat transactions).

4. Copy of Delivery instruction slip (applicable in case of sale transaction).

I agree to hold the above securities for a minimum period of six months. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval. (Applicable in case of purchase / subscription).

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Date: _____ Signature: _____

Name : Designation :

## CODE OF FAIR DISCLOSURE

The Board of Directors of Samasta Microfinance Limited has always thrived to conduct its business in a fair and transparent manner with a view to protect the interest of all the stakeholders in the Company. Towards achieving this objective, the Company and the members of the Board, Officers, all employees and connected persons shall adhere to the following principles of fair disclosure of unpublished price sensitive information in letter as well as in spirit:

1. The Company shall ensure 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.

2. The Company shall ensure Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.

3. The Company Secretary / Compliance Officer of the Company shall act as the Chief Investor Relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.

4. The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

5. The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.

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

7. The Company shall develop and follow 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.

8. The Company shall handle of all unpublished price sensitive information on a need to-know basis.

9. The Board of Directors of the Company has power to suitably modify or replace this Code in part or full, as may be thought fit by them, from time to time.

This Code shall be published on the official web site of the Company.

This Code and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed.

This Code has been adopted by the Board of Directors of Samasta Microfinance Limited in its meeting held on January 23, 2020 and shall be deemed to have come in to force from 14th November, 2017. Subsequent modification(s) / amendment (s) to SEBI (Prevention of Insider Trading) Regulations, 2015 shall automatically apply to this Code.

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