

IL&FS FINANCIAL SERVICES LIMITED

Code of Conduct for Prevention of Insider Trading

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (“1992 Regulations”) have been repealed and replaced by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“the Regulations”) as amended from time to time

The Regulations have made it mandatory for CEO and Managing Director of every listed company and of every intermediary and fiduciary to formulate a code of conduct, with the approval of their Board of Directors, to regulate, monitor and report trading by designated persons and immediate relatives of designated persons towards achieving compliance with the said Regulations

IL&FS Financial Services Limited (the “Company”), had formulated a Code of Conduct in terms of the 1992 Regulations (the “Previous Code”). The Previous Code stands repealed and replaced with this new Code of Conduct for Prevention of Insider Trading under the Regulations. This new Code of Conduct shall be applicable to Designated Persons and Connected Persons of the Company, as defined herein

The Amendments to this Code necessitated due to amendments prescribed in the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 were approved by the Board of Directors. Such amendments shall become applicable to the Company or such other persons w.e.f. April 1, 2019. Subsequently, the Securities and Exchange Board of India introduced amendments to the Regulations vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019 w.e.f. July 25, 2019, the Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 w.e.f. December 26, 2019 and the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 w.e.f. July 17, 2020.

In the event of any conflict between this Code of Conduct and the Regulations, the Regulations shall prevail

(1) **Definitions** :

Terms not defined herein, will have the same meaning ascribed to them in the Regulations :

- (a) “Board” means the Securities and Exchange Board of India
- (b) “Compliance Officer” or (CO) means any senior officer designated so and reporting to the Board of Directors of the Company, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Regulations.

Explanation – For the purpose of this definition, “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows

- (c) “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 :
 - an immediate relative of connected persons specified in clause (i) above,
 - holding company or associate company or subsidiary company; or
 - an intermediary as specified in section 12 of the Act or an employee or director thereof; or
 - an investment company, trustee company, asset management company or an employee or director thereof; or
 - an official of a stock exchange or of clearing house or corporation; or
 - 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
 - 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 organisation recognised or authorised by the Board; or
 - a banker of the company;
 - 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 percent of the holding or interest; or
 - such other person as may be notified by SEBI under the Regulations

- (d) “Designated Person” means and includes the following persons :
- (i) All directors of the Company, in respect of IL&FS Securities;
 - (ii) Such directors as may be identified by the CO from time to time, in respect of any Third Party Securities;
 - (iii) Employees of the Company and the material subsidiaries of the Company, in respect of IL&FS Securities, and such other employees of the Company and the material subsidiaries of the Company in respect of Third Party Securities as maybe notified by the CO from time to time. For the avoidance of doubt, it is clarified that such employees who are below the grade of “Manager” would not be considered to be ‘Designated Persons’
 - (iv) Any person or entity identified by the Compliance Officer
 - (v) Chief Executive Officer and employees upto two levels below Chief Executive Officer of the Company and its material subsidiary
 - (vi) Immediate Relatives (as applicable) of the Designated Persons set out in (i) - (iv) above
- (e) “Generally Available Information” means information that is accessible to the public on a non-discriminatory basis;
- Explanation :* The words, “Generally Available Information” shall mean any information published on the website of the Stock Exchanges where the securities of the Company are listed
- (f) “IL&FS Group” means Infrastructure Leasing and Financial Services Limited, the Company and other Group Companies of Infrastructure Leasing and Financial Services Limited
- (g) “IL&FS Securities” means Securities (comprising both listed equity and debt) of IL&FS and other listed companies in the IL&FS Group¹

¹ In addition to the Company, the listed companies in the IL&FS Group are Infrastructure Leasing & Financial Services Ltd (IL&FS), IL&FS Transportation Networks Limited (ITNL), IL&FS Engineering and Construction Company Limited (IECCL), IL&FS Investment Managers Limited (IIML), Noida Toll Bridge Company Limited (NTBCL), IL&FS Wind Energy Ltd (IWEL), IL&FS Education & Technology Services Ltd (IETS), IL&FS Energy Development Company Limited (IEDCL), IL&FS Solar Power Ltd (ISPL), North Karnataka Expressway Ltd (NKEL), Hazaribagh Ranchi Expressway Ltd (HREL), Jorabat Shillong Expressway Ltd (JSEL), IL&FS Solar Power Ltd (ISPL) and as updated from time to time.

- (h) “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;
- (i) “Insider” means any person who is :
 - (i) a Connected Person; or
 - (ii) in possession of or having access to Unpublished Price Sensitive Information;
- (j) “Legitimate Purpose” shall have the meaning assigned to it in paragraph 9 of Schedule A to this Code of Conduct;
- (k) “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;
- (l) “Promoter Group” 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
- (m) “Securities” for the purpose of this Code of Conduct : “Securities” means all instruments defined as such in the Securities Contracts (Regulations) Act, 1956 (42 of 1956) or any modification thereof with the exception of Units of mutual fund schemes
- (n) “Takeover Regulations” means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, or any modification thereto;
- (o) “Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.
- (p) “Third Party Securities” means Securities of companies outside of the IL&FS Group as identified by the CO from time to time and maintained confidentially
- (q) “Trading Day” means a day on which the recognised Stock Exchanges are open for trading;

- (r) "Unpublished Price Sensitive Information" or "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 ordinarily includes, 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

(2) **Compliance Officer (CO) :**

- (a) The CO shall be responsible for compliance with policies and procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of Trades and the implementation of this Code of Conduct
- (b) The CO shall also assist all the Designated Persons in addressing any clarifications regarding the Regulations, and this Code of Conduct
- (c) The CO shall maintain a record of the Designated Persons and any changes made in the list of Designated Persons
- (d) The CO shall place before the Chairman of the Audit Committee, on a half yearly basis, reports related to delayed submission or non-submission of the disclosures and any breach under this Code of Conduct
- (e) The Board of Directors is responsible for ensuring that a structured digital database is maintained by the Company. The CO shall oversee the actual collection and maintenance of the said database containing the nature of Unpublished Price Sensitive Information and the names of such persons who have shared the UPSI/information and names or persons or entities as the case may be (with whom Unpublished Price Sensitive Information is shared in accordance with this Code of Conduct and the Regulations) along with the permanent account number or any other identifier authorised by law where permanent account number is not available. The CO shall ensure that such database shall not be outsourced and must be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. This database must be 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.

- (f) The CO shall also be responsible for :
 - (i) Closing and opening of the Trading Window;
 - (ii) Preclearing trades in Securities (as per Clause 7 below);
 - (iii) Obtaining necessary declarations;
 - (iv) Granting relaxations from strict application of this Code based on the written explanations (where the Regulations permit for providing such relaxations);
 - (v) Maintaining the list of Third party Securities;
 - (vi) Monitoring of trades from time to time; and
 - (vi) Administration of this Code of Conduct
- (g) The CO shall also oversee that the Company complies with the disclosure requirements in accordance with the principles of fair disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information enclosed as Schedule A to this Code of Conduct
- (h) In order to discharge his functions effectively, the Compliance Officer shall be adequately empowered and provided with adequate manpower and infrastructure to effectively discharge his function. In the performance of his duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company
- (i) The Compliance Officer shall act as the focal point for dealings with the Board in connection with all matters relating to the compliance and effective implementation of the Insider Trading Regulations and this Code of Conduct
- (j) The Restrictions in this Code of Conduct apply to Designated Persons vis-à-vis their Trading in IL&FS Securities. The Designated Persons will also be required to ensure compliance with this Code of Conduct in connection with trading in Third Party Securities, as and when such Designated Person is specifically notified by the CO

(3) **Identification, Preservation and Communication of Unpublished Price Sensitive Information :**

- (a) Prohibition of communication or procurement of Unpublished Price Sensitive Information :
 - (i) Designated Persons shall maintain the confidentiality of all UPSI at all times
 - (ii) No Insider shall communicate, provide or allow access to any UPSI relating to IL&FS Securities (or when applicable, Third Party Securities) to any person except as required in the performance of duties or furtherance of legitimate purposes or discharge of legal obligations

(iii) No person shall procure from or cause the communication by any Insider of UPSI, relating to IL&FS Securities (or when applicable, Third Party Securities), except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations

(b) Need to Know :

UPSI is to be handled on a “need to know” basis. No UPSI shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations

(c) Limited Access :

Files containing UPSI shall be kept secure. Computer files must have adequate security of login and password etc. All reasonable measures, including segregation of work areas wherever necessary shall be taken to prevent unauthorised access to UPSI

(d) All reasonable measures must be taken to ensure that UPSI is adequately secured while held by users and in course of communication. The following shall be observed as minimum prudent practice :

(i) Departmental heads shall ensure availability of locked storage space to each employee for storage of confidential documents and media

(ii) Documents containing UPSI shall not be left unattended in a manner permitting access, reading or copying by unauthorised persons; persons working outside secure areas shall replace such documents in closed storage whenever these are left unattended

(iii) Access to personal computers and laptops shall be restricted by use of personalised password and other measures to prevent unauthorised access. Every file containing confidential information must be password secured

(iv) Server storage area holding confidential documents and data must be effectively partitioned and access restricted to duly authorised users

(v) Electronic media containing confidential information shall be in encrypted form wherever possible and shall be subject to the same standards of custodial care as printed material

(vi) Documents containing confidential information shall only be conveyed:

- To persons who need such information in the ordinary course of business or for discharge of legal obligations
- In closed cover reasonably secured against tampering
- With a record of the name, department and other relevant particulars of the addressee

- With a request for acknowledgement of receipt and an appropriate warning addressed to any unauthorised recipient
- (vii) Confidential information may only be conveyed by electronic transmission :
 - To the unique address of the addressee
 - With a warning to all unintended recipients against misuse of the same
 - In an encrypted form wherever suitable technology is available
 - Through the official address and using the official communication facilities provided by the Company
 - Preserving a copy with full particulars of the addressee and date and time of transmission
- (viii) Copies or prints of documents containing confidential information shall be taken only in the presence of the responsible employee
- (e) Chinese Walls :
 - (i) “Chinese Walls” refer to arrangements that localise UPSI in a geographically isolated area within the office with specific mechanisms for accessing such area, effectively prevent the use of UPSI in the possession of those in such area, i.e. on one side of the Wall, from influencing the decisions or conduct of those on the other side of the Wall
 - (ii) “Inside Areas” shall be those in which Designated Persons are likely to get access to UPSI during the course of their work assignments
 - (iii) “Public Areas” shall be the areas other than the Inside Areas wherein there is a possibility of misuse of UPSI
 - (iv) However, Designated Persons in these areas are subject to the general principles governing confidentiality and the handling and use of UPSI
- (f) Identification of Inside Areas and Public Areas :
 - (i) To prevent the misuse of confidential information the Company has established procedures and processes which separate/demarcate those areas of the Company which routinely have access to confidential information/UPSI, considered “Inside Areas” from other departments providing support services, considered “Public Areas”

- (ii) The Designated Persons in an Inside Area shall not communicate any UPSI to any one in Public Area
- (iii) Even on a particular side of the Chinese Wall, UPSI may not be shared among Designated Persons or any other recipient of such information, except on a need-to-know basis
- (iv) In exceptional circumstances (i.e. in furtherance of legitimate purposes, performance of duties or discharge of legal obligations), Designated Persons from Public Areas may be brought “over the wall” and given confidential information/UPSI strictly on “need-to-know basis” under intimation to the CO. Upon the transmission of UPSI in the foregoing manner, the relevant person from the public area, if not already a Designated Person, will be deemed to be a Designated Person and shall become bound by this Code of Conduct
- (v) The Directors and Compliance Officer shall be considered above the Chinese Wall
- (vi) Crossing the Chinese Wall : To complete or assist in a particular mandate or assignment of an Inside Area of the Chinese Wall, assistance of Designated Person(s) in the Public Area may be required for discussion on or as a part of a team for such mandate or assignment. In such an instance, the Designated Person(s) in the Public Area would be considered as having “Crossed the Chinese Wall” and have come on the Inside Area of the Chinese Wall, only during the duration of the mandate/assignment. Approval of the Head of the concerned business must be obtained to cross the Chinese Wall and such precautions taken, as may be stipulated
- (vii) Responsibilities post Crossing of the Wall : While any Designated Persons from the Public Area is in the Inside Area after having crossed the Chinese Wall, he/she shall not carry out his normal activities in respect of the Company if there is any conflict perceived with the work relating to which he/she has crossed the Chinese Wall and he/she shall strictly maintain the confidentiality of the transaction or UPSI as per paragraph (e)(iv) above
- (viii) Persons crossing the Chinese Wall shall be provided with only such information as is reasonably necessary and appropriate for him to accomplish the purpose for which the Chinese Wall is crossed from the Public Area to the Inside Area

- (ix) Notwithstanding anything contained in this Code, Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction only in the following instances which would :
- entail an obligation to make an open offer under the Takeover Regulations where the Board is of the informed opinion that the proposed transaction is in the best interests of the Company; and
 - not attract the obligation to make an open offer under the Takeover Regulations but where the Board is of the informed opinion that the sharing of such information is in the best interests of the Company and the information that constitutes 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 may determine to be adequate and fair to cover all relevant and material facts
- (x) For the aforementioned purposes, the Board 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, and shall not otherwise Trade in Securities of the Company when in possession of Unpublished Price Sensitive Information

(4) **Trading Plan** :

- (a) An Insider shall be entitled to formulate a Trading Plan (“TP”) for dealing in Securities of IFIN. With respect to IL&FS Securities (ie. Securities of listed companies in the IL&FS Group other than IL&FS itself), the Insider shall formulate a trading plan in accordance with the code of conduct that is applicable to the relevant company in the IL&FS Group that such IL&FS Security relates to
- (b) 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 TP;
 - (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
- (c) The TP should be presented to the CO for approval. The TP once approved shall be irrevocable and the Insider shall mandatorily have to implement the TP, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the TP
- (d) Before providing approval, the CO shall review the TP to assess whether the plan would have any potential for violation of the Regulations and seek such express undertaking as may be necessary to enable assessment and to approve and monitor the implementation of the plan
- (e) Implementation of the TP shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any UPSI and the said information has not become generally available at the time of the commencement of implementation. In such circumstances the Insider shall make a disclosure to that effect to the CO at least three days ahead of the commencement of the TP, and the CO shall confirm commencement of the TP to be deferred until such UPSI becomes generally available information
- (f) Upon approval of the TP, the CO shall notify the plan to the stock exchanges on which the Securities of IFIN are listed
- (5) **Disclosures** :
- (a) **Initial Disclosure** :
- (i) Every Promoter, member of the Promoter Group Key Managerial Personnel and director of the Company shall provide a disclosure of holding in Securities of IFIN as on the date of the Regulations taking effect ie. May 15, 2015, within thirty days of such date in Form A as prescribed by SEBI in the Regulations
 - (ii) Every person on appointment as a Key Managerial Personnel or a Director or upon becoming Promoter or member of the Promoter Group of the Company shall disclose his holding in Securities of IFIN as on the date of appointment to the Company within seven days of such appointment in Form B as prescribed by SEBI in the Regulations

(b) Continual Disclosure :

- (i) Every Promoter, member of the Promoter Group, Designated Person and Director of the Company shall disclose to the Company in Form C the number of Securities of IFIN that are Traded by such person 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 rupees ten lakhs. Where Securities traded includes derivatives of securities, the traded value of such derivatives shall be taken into account
- (ii) The 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
- (iii) Disclosure of the incremental transactions after any disclosure as above, shall be made when the transactions effected after the prior disclosure cross the threshold limit specified in the Insider Trading Regulations
- (iv) Disclosures to be made shall include those relating to trading by such person's Immediate Relatives and by any other person for whom such person takes trading decisions. 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
- (v) The above disclosures shall be made in such form and such manner as may be specified by the Board from time to time

For the avoidance of doubt, it is clarified that exercise of ESOPs would also be required to be disclosed in accordance with the above provisions of this Code of Conduct

(c) Disclosures by Other Connected Persons :

The Company may also at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and Trading in securities of the Company in and at such frequency in order to monitor compliance with the Insider Trading Regulations

(d) Off Market trade :

Insider Shall report to the Company about such trade within 2 working days. The Company shall inform the stock exchange within 2 trading days from receipt of disclosure or it becoming aware of such information

(6) **Trading Window** :

- (a) A notional trading window shall be used as an instrument of monitoring trading by the Designated Persons in IL&FS Securities
- (b) The trading window shall be closed when the CO determines that Designated Persons can reasonably be expected to have possession of UPSI
- (c) Designated Persons and their Immediate Relatives shall not trade in IL&FS Securities when the trading window is closed
- (d) The timing for re-opening of the trading window shall be 48 hours after the information becomes public or as determined by the CO taking into account various factors including the UPSI 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
- (e) In the case of any suspicious trades by Connected Persons which the Company becomes aware of, it will have the right to reach out to the relevant Designated Person who is associated with such Connected Person, in order to obtain necessary information in relation to the transaction and assess the violations, if any and the onus of providing such information would vest on the said Designated Person
- (f) In case of employee stock options (“ESOPs”), exercise of ESOPs (in respect of which the exercise price was pre-determined in accordance with applicable law) may be allowed in the period when the Trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed
- (g) The Trading Window shall also be applicable to persons having contractual or fiduciary relation with the Company which may be assisting or advising the Company including but not limited to the Statutory Auditors, Internal Auditors, Tax Auditors, Secretarial Auditors or any other Entity in such capacity from time to time may be identified by the Compliance Officer for compliance with the Trading Window restrictions
- (h) the trading window restriction on Designated Persons shall not apply in the following instances, subject to pre-clearance by the CO and compliance with the respective regulations made by SEBI:
 - i. off-market inter-se trade between insiders holding same UPSI, subject to satisfaction of the following criteria: (i) both the parties have made a conscious and informed trade decision; (ii) both the parties are in possession of the UPSI without breach of Regulation 3 of the Regulations; (iv) the UPSI in relation to the impugned order is not obtained under Regulation 3(3) of the Regulations, and (iv) the impugned transaction is reported to the company within two working days.

- ii. transaction carried out through block deal window mechanism between persons who make a conscious and informed trade decision, and are in possession of the unpublished price sensitive information without being in breach of Regulation 3 (provided that the UPSI in relation to the impugned order is not obtained under Regulation 3(3) of the Regulations).
- iii. trades carried out pursuant to statutory or regulatory obligations to carry out a bona fide transaction;
- iv. trades pursuant to a trading plan set up in accordance with the Regulations;
- v. transactions in respect of a pledge of shares for a bonafide purpose such as raising of funds;
- vi. transactions undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by SEBI from time to time, such as, offer for sale, etc.

(7) **Preclearance of Trades** :

- (a) All trades in IL&FS Securities by Designated Persons of the Company or their Immediate Relatives (wherever the aggregate value of the trade and purchase or sale over the last seven days - including the date of proposal - in the same security exceeds Rupees Twenty lakhs), shall be required to be precleared as per the pre-dealing procedure as described hereunder. It is clarified that Designated Persons in respect of Third Party Securities, shall preclear all trades (wherever the aggregate value of the trade and purchase or sale over the last seven days - including the date of proposal - in the same security exceeds Rupees Twenty lakhs) in Securities undertaken by them or their Immediate Relatives.
- (b) An application may be made in the format enclosed in **Annexure-1** to the CO indicating the estimated number of IL&FS Securities or other Securities, as may be applicable that the Designated Person (or their Immediate Relative) intends to trade in, the details as to the depository participant with which he has a security account and such other details as may be required by any rule made by the Company in this behalf
- (c) An undertaking shall be executed in favour of the Company by such Designated Person incorporating, inter alia, the following clauses, as may be applicable :
 - (i) That the Designated Person does not have any access or has not received any UPSI upto the time of signing the undertaking

- (ii) That in case the Designated Person has access to or receives UPSI after the signing of the undertaking but before the execution of the transaction he shall inform the CO of the change in his position and that he/she would completely refrain from dealing in IL&FS Securities or other Securities, as may be applicable, till the time such information becomes public
- (iii) That he/she has not contravened the Code of Conduct for Prevention of Insider Trading as specified by the Company from time to time
- (iv) That he/she has made a full and true disclosure in the matter

In granting a preclearance, the CO shall also have regard to whether any of the aforesaid declarations is reasonably capable of being rendered inaccurate

- (d) All Designated Persons shall execute their order within seven trading days after the preclearance is given. If the order is not executed within seven trading days of approval, the Designated Person must seek fresh preclearance for the transaction
- (e) No Designated Person shall apply for preclearance of any proposed Trade in IL&FS Securities or other Securities, as may be applicable, if such Designated Person is in possession of UPSI even if the trading window is not closed. Preclearance will, inter alia, be declined if the CO is of the view that the Designated Person, seeking preclearance may be/may have access to UPSI. In this case, any trade by such Designated Person can only take place in accordance with a "Trading Plan" as detailed above, if such Designated Person has prepared a TP in accordance with this Code of Conduct
- (f) A Designated Person who has taken preclearance shall report to the CO a decision not to trade after securing preclearance, and reasons for such decision in the format specified in **Annexure-2** within seven days of the expiry of the validity period of the preclearance of the approval
- (g) Trades of the CO which require preclearance in terms of the above shall be approved by any Wholetime Director/Chief Executive Officer of the Company
- (h) For the avoidance of doubt, any Trade conducted on behalf of a Designated Person by a portfolio manager registered with SEBI as such under a Discretionary Portfolio Management Scheme (PMS) will also need to comply with the provisions of this Code, to the extent of IL&FS Securities or (if applicable) Third Party Securities. Any trading under a PMS in IL&FS Securities or, where applicable, Third Party Securities, where such trading does not comply with this Code, will be entirely at the risk and responsibility of the relevant Designated Person for which the Company shall in no manner be responsible

(8) **Restricted/Grey List** :

(a) In order to monitor trading in certain Securities based on UPSI, the Company may restrict trading in certain Third Party Securities and designate such list as restricted/grey list

(b) Typically the CO will include identified Third Party Securities in the restricted/grey list in instances such as : (i) if the Company is handling any assignment for the relevant company or is preparing appraisal report or is conducting credit assessment or is associated in any other manner in which it is expected to be privy to UPSI; or (ii) if any Third Party Security which is being purchased or sold or is being considered for purchase or sale by the Company either for itself or on behalf of its clients, etc.

(c) As the restricted/grey list itself is highly confidential information, it shall not be communicated directly or indirectly to anyone within or outside the organisation. The restricted list shall be maintained by the CO.

(d) If a Designated Person is deemed by the CO to have UPSI relating to a Third Party Security that forms a part of the restricted/grey list, he/she shall not be permitted to Trade in any of the Third Party Securities that are included in the restricted/grey list

(e) Procedures for maintenance of the Grey List is enclosed in **Annexure-3**

(9) **Other Restrictions** :

(a) Designated Persons shall not execute a contra trade in IL&FS Securities within a period of six months

(b) The CO may grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the Regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such restriction, the profits from such trade 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

(c) The aforesaid restriction on contra trade shall not apply in case of :

(i) Trading in index futures and such other derivatives where the relevant IL&FS Security (or any Third Party Security, as applicable) is part of such derivatives; and

(ii) Any contra trade in IL&FS Securities executed in pursuance of a buy back offer, open offer, rights issue, FPO or bonus issuance or such other issuance as may be notified by SEBI from time to time

(10) **Reporting Requirements for Holding and Transactions in IL&FS Securities :**

- (a) Every Designated Person shall submit particulars of his Immediate Relative(s) in the specified format (**Annexure-4**) to the CO on commencement of his employment and shall also notify promptly any change therein
- (b) A Statement of Holdings in IL&FS Securities and other Securities (if applicable) (**Annexure-5**) as of the date of joining the Company shall be furnished within one month of the date of joining
- (c) Particulars of Brokers and Depository Accounts shall be furnished in the specified format (**Annexure-6**) at the time of joining the Company. Any change shall be notified promptly to the CO
- (d) Particulars of Transactions in IL&FS Securities and other Securities (if applicable) (**Annexure-7**) shall be submitted for the quarter to March within one month thereafter, and for every other calendar quarter within fifteen days from the end of the quarter
- (e) The Annual Statement of Holdings in IL&FS Securities and other Securities (if applicable) (**Annexure-5**) shall be prepared as of March 31st every year and shall be submitted within one month thereafter
- (f) In the event of separation from the services of the Company, Designated Persons shall submit Particulars of Transaction in IL&FS Securities and other Securities (if applicable) upto the date of separation and a Statement of Holdings as of that date
- (g) Reporting requirements applicable to Designated Persons in respect of Holding and Transactions in IL&FS Securities and other Securities (if applicable) shall apply equally to Immediate Relative(s) and shall be the responsibility of the concerned Employee
- (h) The CO shall maintain records of all disclosures given by the Designated Persons in the appropriate form for a minimum period of five years
- (i) Designated Persons shall be required to disclose names and permanent account number or any other identifier authorised by applicable law of the following persons to the Company on an annual basis and as and when the information changes in the specified format (**Annexure-8**) :
 - (i) Immediate Relative(s);
 - (ii) Persons with whom such Designated Person(s) share a Material Financial Relationship;
 - (iii) Phone, mobile/cell numbers which are used by them
- (j) In addition, the names of Educational Institutions from which the Designated Persons have graduated and names of their past employers shall also be disclosed on a one time basis in the specified format (**Annexure-8**)

- (k) For the purpose of this Code, 'Material Financial Relationship' shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve (12) months, equivalent to at least twenty five percent (25%) of the annual income of such designated person but shall exclude relationships in which the payment is based on an arm's length transaction

(11) **Penalty for Contravention of Code of Conduct :**

- (a) Any Designated Person who trades in IL&FS Securities or Third Party Securities or communicates any UPSI or counsels any person trading in IL&FS Securities, in contravention of this Code of Conduct may be penalised and appropriate action may be taken by the Company
- (b) Any Designated Person of the Company who violates the Code of Conduct may also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, claw back etc. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act
- (c) Penalty will levied as below :
- (i) Penalty of Rs 100/- OR Amount of profit made on transaction, whichever is higher, in case of Window Closure Breach and/or Trading in Restricted Listed Securities
- (ii) Penalty - Amount of profit made on transaction, in case of Contra Trading
- (d) For calculation of penalties, one day grace can be granted by the Compliance Officer in case of submission of various disclosures as required under this Code
- (e) Any other violation for which penalty is not defined hereinabove shall be decided by the Chief Executive Officer in consultation with the Compliance officer. of the Company. Further the Compliance Officer shall be empowered to grant relaxation from strict application of this Code and from levying penalty based on the situations provided reasons are to be recorded in writing for such relaxation and same should not violate the SEBI Regulations
- (f) The penalty shall be levied on a quarterly basis and the same shall be placed before Audit Committee for information
- (g) The action by the Company in any case shall not preclude SEBI from taking any action in case of violation of the Regulations.

- (h) Whenever a violation of the Regulations by a Designated Person is identified, the Compliance Officer shall take appropriate action after recording reasons in writing and shall promptly inform the Stock Exchange (s) where the concerned Securities are traded, in such form and such manner as may be specified by the Board from time to time

(12) **Corporate Disclosure Practices :**

The Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information that it would follow in order to adhere to each of the principles set out in the Regulations. The same is enclosed in Schedule A

(13) **Institutional Mechanism for Prevention of Insider Trading :**

In addition to the Code of Conduct and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, the Company has also adopted certain internal controls to ensure compliance with the Regulations. Such internal controls have been set out in Schedule B

(14) **Leak of UPSI or suspected leak of UPSI :**

The Company has adopted Policies and Procedures for inquiry in case of leak of UPSI or suspected leak of UPSI set out in Schedule C

(14) **Protection against Retaliation and Victimization**

Retaliation and Victimization for reporting suspected violations to SEBI is strictly prohibited under this Code. Any Employee who reports any alleged violations of insider trading laws in accordance with the Informant mechanism introduced vide SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 dated September 17, 2019 (w.e.f. December 26, 2019), will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination

SCHEDULE A

[See sub-regulation (1) of regulation 8]

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

- (1) The Company shall promptly disclose to the public all 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 follow uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure
- (3) The Company Secretary of the Company shall act as a Chief Investor Relations Officer to deal with the dissemination of information and disclosure of Unpublished Price Sensitive Information
- (4) The Company shall ensure prompt disclosure of Unpublished Price Sensitive Information, in the event of any Unpublished Price Sensitive Information getting disclosed selectively, inadvertently or otherwise to make such information generally available by publishing the same on its website
- (5) The Company shall make appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities
- (6) The Company shall ensure that information shared with analysts and research personnel is not Unpublished Price Sensitive Information
- (7) The Company shall 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
- (8) The Company shall handle all Unpublished Price Sensitive Information on a need-to-know basis

- (9) For the purpose of this Policy, among others, the following purposes shall qualify as “legitimate purpose”
- (a) Sharing of Unpublished Price Sensitive Information in the ordinary course of business :
 - (i) partners;
 - (ii) collaborators;
 - (iii) lenders;
 - (iv) customers;
 - (v) suppliers;
 - (vi) merchant bankers;
 - (vii) legal advisors;
 - (viii) auditors; and
 - (ix) insolvency professionals; or other advisors or consultants
 - (b) Sharing of Unpublished Price Sensitive Information with the Promoter(s) for genuine business reasons such as the Company entering into strategic transactions including acquisitions, mergers, divestments, obtaining of financing by the Company
 - (c) Sharing of Unpublished Price Sensitive Information for undertaking legitimate transactions in furtherance of :
 - (i) a corporate purpose;
 - (ii) discharge of a fiduciary duty;
 - (iii) public interest; and
 - (iv) the interest of a body of public shareholders or stakeholders in a company
 - (d) The sharing of Unpublished Price Sensitive Information set out in this Clause 9 should not be carried out to evade or circumvent the prohibitions of the Insider Trading Regulations
- (10) Any person in receipt of Unpublished Price Sensitive Information in furtherance of legitimate purposes, performance of duties or discharge of legal obligations (provided such Unpublished Price Sensitive Information has been shared on a “need to know basis”) will also qualify as an Insider. The Compliance Officer will provide due notice to such persons to maintain confidentiality of such Unpublished Price Sensitive Information or by way of entering into requisite confidentiality agreement or non-disclosure agreement (As deemed fit by the Compliance Officer) in accordance with the Insider Trading Regulations. The Compliance Officer to further ensure that such persons are made aware of the duties and responsibilities attached to the receipt of Unpublished price Sensitive Information, and the liability that is attached to the misuse or unwarranted use of such information. Details of such recipients of UPSI shall also be maintained in the Structured Digital Database as stipulated herein

SCHEDULE B

[See sub-regulation (2) of regulation 9A]

Adequate and Effective System of Internal Controls to Ensure Compliance with Insider Trading Regulations

The internal controls adopted by the Company are as follows :

- (1) All employees who have access to Unpublished Price Sensitive Information have been identified as Designated Persons and all such employees who will get access to Unpublished Price Sensitive Information will be identified as Designated Persons;
- (2) All the Unpublished Price Sensitive Information shall be identified by the Compliance Officer (individually or in consultation with the appropriate designation holder) from time to time and its confidentiality shall be maintained in accordance with the Regulations including by way of :
 - (i) Entering into non-disclosure agreements;
 - (ii) Entering into confidentiality agreements;
 - (iii) Serving notice on the recipient of such Unpublished Price Sensitive Information to maintain confidentiality of the Unpublished Price Sensitive Information;
- (3) Adequate restrictions have been placed on communication or procurement of Unpublished Price Sensitive Information (including by way of this Code) in accordance with the Regulations;
- (4) Maintenance of a list of employees of the Company and other persons with whom Unpublished Price Sensitive Information is shared, from time to time;
- (5) To enter into confidentiality agreements with employees of the Company and other persons with whom Unpublished Price Sensitive Information is shared, from time to time or to serve a notice to all such employees of the Company and such persons stating maintenance of confidentiality with respect to the Unpublished Price Sensitive Information;
- (6) To ensure compliance with all the provisions of the Regulations;
- (7) Undertake periodic process review to evaluate effectiveness of the internal controls

SCHEDULE C

Policies and Procedures for Inquiry in case of Leak of Unpublished Price Sensitive Information or Suspected Leak of Unpublished Price Sensitive Information

- (1) The Board of Directors shall initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform SEBI promptly of such leaks, inquiries and results of such inquiries
- (2) The Whistle Blower Policy is hosted on the Company website to enable employees to report instances of leak of unpublished price sensitive information
- (3) If an inquiry has been initiated in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall co-operate with the Company in connection with such inquiry conducted
- (4) The person if found guilty shall be subject to Disciplinary action