

V. B. Desai Financial Services Limited

Category I Merchant Banker - SEBI Registration No. INM 000002731

CIN4120MH1985PLC037218

July 7, 2015

The Corporate Relations Department
The Bombay Stock Exchange Ltd.
P.J.Towers, 1st Floor
Dalal Street, Mumbai – 400 001

Dear Sirs,

Ref: Company Code No. 511110

Sub: Code of Internal Procedures and under SEBI (Prohibition of Insider Trading) Regulations 2015

As per requirement under SEBI (Prohibition of Insider Trading Regulations 2015, we enclose the Code of Internal Procedures and Code for Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

Further, please take note the change in details of Compliance Officer w.e.f 01/04/2015:

Name: Mr. Shashank S. Vijayakar
Contact email id: investor@vbdesai.com
Contact Phone : 022 40770777

Kindly take the same on your record and acknowledge the receipt.

Thanking you,

Yours faithfully,
For V.B.DESAI FINANCIAL SERVICES LIMITED


PRADIP R. SHROFF
MANAGING DIRECTOR

Encl: as above

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

(pursuant to Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations 2015)

This Code has been approved by the Board of Directors and comes into effect from 15th May 2015

1. Introduction

Pursuant to the Securities and Exchange Board of India ("SEBI") notifying the SEBI (Prohibition of Insider Trading) Regulations 2015, ("Regulations") which Regulation comes into effect from 15th May, 2015, the Board of Directors of the Company has approved this new Code for regulating, monitoring and reporting of trading in Company's Securities by Insiders. This new Code replaces the existing Code of Conduct for Prevention of Insider Trading.

2. Definitions.

In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:-

2.1 "**Act**" means the Securities and Exchange Board of India Act, 1992

2.2 "**Board**" means the Securities and Exchange Board of India;

2.3 "compliance officer" means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be;

2.4 "**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, -

(a). an immediate relative of connected persons specified in clause (i); or

(b). a holding company or associate company or subsidiary company; or

(c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or

(d). an investment company, trustee company, asset management company or an employee or director thereof; or

(e). an official of a stock exchange or of clearing house or corporation; or

(f). 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

(g). a member of the board of directors or an employee, of a public financial institution a defined in section 2 (72) of the Companies Act, 2013; or

(h). an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

(i). a banker of the company; or

(j). 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;



- 2.5 "**Designated Persons**" means,-
- (a). Promoter of the Company;
 - (b). Director of the Company;
 - (c). Key Management Personnel as designated by the Board of Directors of the Company
 - (d). All employees of the Company
 - (e). Statutory auditors, consultants, internal auditors, law firms or other persons assisting or advising the Company
 - (f). Such other connected persons as may be identified by the Compliance Officer in line with the objectives of the Code.
- 2.6 "**Generally available information**" means information that is accessible to the public on a non-discriminatory basis.
- 2.7 "**Immediate Relative**" means the spouse of the Designated Person, and includes parents, siblings and child of such Designated Person who are either financially dependent on the Designated Person, or consults the Designated Person in taking decisions relating to trading in securities.
- 2.8 "**Insider**" means any person who is:
- (a). A Designated Person
 - (b). A connected person
 - (c). Any other person who in the opinion of the Compliance Officer is in possession of or having access to Unpublished Price Sensitive Information.
- 2.9 "**Promoter**" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- 2.10 "**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;
- 2.11 "**Takeover Regulations**" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- 2.12 "**Trading**" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;
- 2.13 "**Trading day**" means a day on which the recognized stock exchanges are open for trading;
- 2.14 "**Unpublished Price Sensitive Information**" 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: –
- (a) financial results;
 - (b) dividends;
 - (c) change in capital structure;
 - (d) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
 - (e) changes in key managerial personnel; and
 - (f) material events in accordance with the listing agreement.

Words and expressions used and not defined in these regulations but defined in 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 thereunder shall have the meanings respectively assigned to them in those legislation.



3. Role of Compliance Officer

The Compliance Officer shall ensure compliance with the Regulations. The Compliance Officer shall report on insider trading to the Board of the Company and in particular, shall provide reports to the Chairman of the Audit Committee or to the Chairman of the Board on an annual basis or at such frequency as may be stipulated by the Board.

4. Preservation of Unpublished Price Sensitive Information:

All Insiders shall maintain confidentiality of all Unpublished Price Sensitive Information coming into their possession or control. All Information shall be handled within the Company on a need-to-know basis and no Insider shall communicate, provide or allow access to any Unpublished Price Sensitive Information relating to the Company or its Securities listed or proposed to be listed to any person including other Insiders except where such communication is in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.

5. As permitted under the Regulations, an Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- (a) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company;
- (b) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion that the proposed transaction is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.

For purposes of clause 5 above, the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of clause 5, and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

6. Need to know:

- (a) . "Need to know" basis means that Unpublished Price Sensitive Information should be disclosed only to those persons within the Company who need the information for legitimate purposes or performance of duties or discharge of legal obligations and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- (b). All non-public information directly received by any employee should immediately be reported to the Compliance Officer.

7. Limited access to confidential information

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

8. Chinese Wall

8.1 To prevent the misuse of Unpublished Price Sensitive Information, the Company has adopted a "Chinese Wall" policy which separates those departments which routinely have access to such information, considered "inside areas" from other departments, considered "public areas"



8.2 As per the said policy:

- (a) The employees in the inside areas are not allowed to communicate any Unpublished Price Sensitive Information to anyone in the public areas
- (b) Only in exceptional circumstances, employees from the public areas are brought 'over the wall' and given Unpublished Price Sensitive Information on the basis of "need to know" criteria, under intimation to the Compliance Officer.

9. Prevention of misuse of Unpublished Price Sensitive Information

No Insider shall trade in the Company's Securities or the client Company's Securities that are listed or proposed to be listed on a stock exchange when in possession of Unpublished Price Sensitive Information.

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

- (a) the transaction is an off-market inter-se transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;
- (b) in the case of non-individual insiders:
 - i) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
 - ii) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
 - iii) the trades were pursuant to a trading plan set up in accordance with clause 10.

In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on SEBI. SEBI may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

Trading Plans

10.1 An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

10.2 Such trading plan shall:–

- (a) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (b) 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;
- (c) entail trading for a period of not less than twelve months
- (d) not entail overlap of any period for which another trading plan is already in existence;
- (e) 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
- (f) not entail trading in securities for market abuse.



- 10.3 The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
- 10.4 The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.
- Provided that* the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan, 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 of the Trading Plan and 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 and/or Client Company if the date of trading in securities as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer. The Compliance Officer shall be the final authority to decide on the deferment of the Trading Plan.
- 10.5 Upon approval of the Trading Plan, the Compliance Officer shall notify the same to the Stock Exchange on which the Securities are listed.
- 11. Trading window and window closure**
- 11.1 The Company shall periodically specify the trading period to be called "Trading Window" for trading in the Company's Securities. The Trading Window will remain closed when the Compliance Officer determines that the Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. When the Trading Window is closed the Insider shall not trade in the Company's Securities during that period. The Trading Window shall be inter alia closed for the following purposes:
- (a) Approval of financial results (quarterly, half yearly and annual)
 - (b) Declaration of dividend
 - (c) Change in capital structure including issue of Securities by public/ rights/ bonus and buy back of securities
 - (d) Mergers, demergers, acquisitions and delisting
 - (e) Major expansion plans
 - (f) Material events in accordance with the Listing Agreement
- 11.2 The time for commencement of closing of Trading Window shall be decided by the Compliance Officer taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market.
- 11.3 The Trading Window will be closed for such period as may be considered necessary whenever the Board is required to consider any of the matters listed in para 11.1 above.
- 11.4 The Trading Window shall be opened 48 (Forty Eight) hours after the Unpublished Price Sensitive Information has been made public. If the ending of the 48 hour period falls on a non-working day for the Stock Exchange, then the Trading Window will open on the next working day of the Stock Exchange.
- 11.5 The Insider shall continue all their dealings in the Securities of the Company only when the Trading Window is open 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.



The information regarding the closing and opening of the Trading Window will be notified to the Stock Exchange and will put on display on the Notice Board at the Office. However, irrespective of whether such Notice is placed or appeared on the website of Stock Exchange, the Insider shall mandatorily verify whether the Trading Window is open before undertaking any transactions in respect of Securities of the Company. Non-appearance of Notice on the Notice Board or on Stock Exchange Website regarding closure of Trading Window will not justify a transaction done during the period when the Trading Window was closed.

12. Pre-clearance of Trade by Designated Persons:

12.1 The Designated Persons who intend to deal in the Securities of the Company when the Trading Window is open should seek separate pre-clearance for each transaction aggregate value of Rs. 25,000/- (Rupees Twenty Five Thousand) or more .

12.2 No Designated Person shall be entitled to apply for pre-clearance of any proposed trade by himself or his Immediate Relative if such Designated Person or his Immediate Relative 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. Application seeking pre-clearance should be made in writing or by email in the prescribed form to the Compliance Officer in the **Form-“E”**.

12.3 For seeking pre-clearance by the Designated Person and / or his Immediate Relative, an undertaking to be submitted to the Compliance Officer stating that he is not in possession of Unpublished Price Sensitive Information. In case the Designated Person and/or his Immediate Relative has access to or receives Unpublished Price Sensitive Information after signing of the undertaking, but before the execution of the transaction, he/she shall inform the Compliance Officer and he/she would completely refrain from dealing in the Securities of the Company till the time such information becomes public.

While considering the undertaking, the Compliance Officer shall consider whether the same is reasonably capable of being rendered inaccurate. The Compliance Officer shall inform the clearance to the concerned person. Once pre-clearance is given for a transaction, the order should be executed by the Designated Person within one week from the date of granting pre-clearance. The Designated Person shall file with 2 (Two) Trading Days of the execution of the deal, the details of such deal with the Compliance Officer in **Form-“F”**. In case the transaction is not undertaken the Company may be informed.

If the pre-cleared order is not executed within the stipulated period, the Designated Person must pre-clear the transaction once again. In the event the period between the date of the aforesaid approval and the commencement of the closure of the Trading Window is less than 7 days, then the said transaction shall be executed within such lesser period.

13. Maximum holding period and no opposite transaction for six months:

13.1 Designated Persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction.

13.2 In the case of subscription in the primary market (initial public offer) which may include shares allotted against employee stock options, if any, the Insiders shall hold their investments for a minimum period of 30 days or such additional period as the Board may determine. The holding period would commence when the securities are actually allotted. In case the sale of Securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing the reasons in this regard.



13.3 Notwithstanding the above, should an Insider execute an opposite transaction inadvertently or otherwise, in violation of the restrictions set out above, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act, 1992.

14. **Reporting requirements for transactions in Securities:**

14.1 The disclosures to be made by any person under this Code shall include those relating to trading by the Designated Persons and their Immediate Relative.

14.2 (a). Every existing Designated Person shall within thirty days of the Regulations taking effect, forward to the Company the details of shareholding of the Company presently held by them including the statement of holdings of dependent family members in the prescribed **Form-A**.

(b). Every person who appointed subsequently and fall within the definition of Designated Persons shall disclose his/ her holding of securities of the Company as on date of appointment or re-appointment or upon becoming a promoter to the Company within Seven days of such appointment or becoming a promoter in the prescribed **Form-B**.

14.3 **Continual Disclosure**

14.3.1 Every Designated Person and every other employee of the Company shall disclose to the Company the number of such Securities acquired or disposed if within Two trading days of such transaction of 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 lac (Rupees Ten Lac). The disclosure to be given by the Designated Persons shall be in the prescribed **Form-“C”**. All other connected persons and other employees shall disclose the requisite information in the prescribed **Form-“D”**. The disclosure shall be made within 2 (Two) working days of the receipt of intimation of allotment or the acquisition or sale of shares or voting rights, as the case may be.

14.3.2 Within 2 (Two) days of receipt of intimation under para 14.3.1, the Compliance Officer shall disclose to the Stock Exchange on which the Company is listed, the information received.

14.3.3 Designated Persons shall disclose to the Compliance Officer the number of Securities held by them and their Immediate Relative and dependents in the Company as at the end of the Company's financial year within One month in **Form-“G”**

14.3.3 The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the Directors, Officers and Designated employees for a minimum period of five years.

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

The Company has prepared a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as required by Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is enclosed hereto.

16. **Confirmation**

This Code of Conduct for Fair Disclosure of Unpublished Price Sensitive Information has been uploaded on the Company's web portal. All Insiders and all other employees of the Company hereby acknowledge that they have read and fully understood their obligations herein and have undertaken to unconditionally abide by the same.

The responsibility of compliance shall be entirely on the Insiders and all other employees of the Company who shall ensure that their Immediate relatives have been informed of the Code, that



they have read and fully understood their obligations herein and have undertaken to unconditionally abide by the same.

17. Penalty for contravention of the Code:

- 17.1 Every Insider 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)
- 17.2 Any Insider who trades in securities or communicates any information for trading in Securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.
- 17.3 Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, including but not limited to wage freeze and suspension etc. The penalties / disciplinary action will be decided by the Audit Committee of the Board of the Company based on the reports submitted by the Compliance Officer.
- 17.4 The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations. For this purpose, the Compliance Officer shall inform SEBI if there is any major violation of the Code and Regulations.
- 17.5 Under Section 15G of the SEBI Act, any Insider who indulges in insider trading in contravention of Regulation 3 is liable to a penalty which shall not be less than Rs. 10 lac but which may extend to Rs. 25 crore or three times the amount of profits made out of insider trading, whichever is higher. Under Section 24 of the SEBI Act, anyone who contravenes the Regulations is punishable with imprisonment for a maximum period of ten years or with fine which may extend to Rs. 25 crore or with both. Further, in case any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years or with fine, which may extend to Rs. 25 crore or with both.

18. Jurisdiction

In the event of any dispute arising from the provisions of the Code or its interpretation, the same shall be subject to the jurisdiction of the courts in Mumbai.

19. For all queries relating to this Code, please contact the Compliance Officer.

This code is an internal document to serve as guidelines to avoid Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations 2015.

Shashank S. Vijayakar
Compliance Officer
Email: investor@vbdesai.com
Dated: 14/05/2015



CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

[As envisaged under SEBI (Prohibition of Insider Trading) Regulations, 2015]

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

The Company will adhere to the followings so as to ensure timely and adequate disclosure of Unpublished Price Sensitive Information with respect to it or its securities which is likely to affect price of the securities:

1. The Company will make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. The Company will make, uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. The Compliance Officer to be Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available, as it deems fit.
5. The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
6. The Company will ensure that information shared with analysts and research personnel is not unpublished price sensitive information.
7. The Company will make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the website of the company to ensure official confirmation and documentation of disclosures made.
8. The Company will handle all unpublished price sensitive information on a need-to know basis.

This code is applicable from the effective date as notified by Securities and Exchange Board of India.

This code is an internal document to serve as guidelines to avoid Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations 2015.

Shashank S. Vijayakar
Compliance Officer
Email: investor@vbdesai.com
Dated: 14/05/2015

