

Arohan Financial Services Limited

Code of Conduct for Prohibition of Insider Trading

Version 1.0



Prepared by : Legal and Compliance

Approved by : The Board

Date of Approval : February 2021

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The Board	February 04, 2021	1.1	

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1. Introduction

Arohan Financial Services Limited hereinafter referred to as Company or Arohan, recognizes its role as a corporate entity and endeavors to adopt the best practices with the highest standards of governance through transparency in business ethics, accountability to its customers, government and others. This Policy aims to outline the process and procedures for dissemination of information and disclosures in relation to the Company. The purpose of the Policy is also to ensure that the Company complies with applicable laws, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the “**PIT Regulations**”), if, and to the extent applicable or such other laws, Regulations, Rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information.

2. DEFINITIONS:

“**Compliance Officer**” - The Company Secretary of the Company shall act as the Compliance Officer for the purpose of this Policy. He or she shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and coordinating disclosure of unpublished price sensitive information (“**UPSI**”) to Stock Exchanges, maintaining records and making periodic disclosures in terms of this policy and such other functions as are required to be carried out by a Compliance officer for the purpose of administration of the insider trading policy.

“**Connected Person**” means:

- (i) Directors of the Company;
- (ii) Key Managerial Personnel of the Company;
- (iii) Officers of the Company;
- (iv) Any person who is or has been in a contractual, fiduciary or employment relationship at any time in the six month period prior to the date of determining whether that person, as a result of such relationship, was, directly or indirectly, allowed access to UPSI or reasonably expected to be allowed access to UPSI;
- (v) An immediate relative of connected persons;
- (vi) A holding Company or an Associate Company or Subsidiary Company;
- (vii) An intermediary as specified in Section 12 of the SEBI Act or an employee or

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

director thereof;

(viii) An investment company, trustee company, asset management company or an employee or director thereof;

(ix) An official of a stock exchange or of clearing house or corporation;

(x) 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;

(xi) 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;

(xii) An official or an employee of a self-regulatory organization recognised or authorized by the SEBI;

(xiii) A banker of the company;

(xiv) 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 10% of the holding or interest.

“Designated Person” – The Managing Director or Chief Financial Officer of the Company in consultation with the Compliance Officer shall specify the Designated Persons, from time to time, to be covered by the Insider Trading Policy on the basis of their role and function in the organisation and the access that such role and function would provide to UPSI in addition to seniority and professional designation and shall include:

- (i) The Boards of Directors, and Key Managerial Personnel the Company;
- (ii) Employees up to two levels below the Managing Director;
- (iii) Any Support employees in IT, Finance, Accounts, and Secretarial Departments of the Company who have access to UPSI and as identified by the Compliance Officer in consultation with the Heads of respective department;
- (iv) All Promoters and Promoter Group of the Company; and
- (v) Any other category of persons, as required to be identified as such under the applicable laws or otherwise identified by the Compliance Officer.

“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.

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

“**Informant**” shall have the same meaning assigned to it under Regulation 7A of the PIT Regulations.

“**Insider**” means any person who is:

- (i) a Connected Person; or
- (ii) in possession of or having access to UPSI.

“**Promoter**” means Aavishkaar Venture Management Services Private Limited and Intellectual Capital Advisory Services Private Limited.

“**Trading**” means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell, deal in the Company’s Securities, and “**Trade**” or “**Trades**” shall be construed accordingly. The term “trading” is intended to be widely used to include dealing in Securities and intended to curb the activities based on UPSI which are strictly not buying, selling or subscribing, such as pledging etc., when in possession of UPSI. “Trading” shall also include creation/invoke/revocation of pledge.

“**Trading Day**” means a day on which the recognized stock exchanges are open for trading.

“**Unpublished Price Sensitive Information**” or “**UPSI**” means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

1. Financial Result;
2. Dividends;
3. Change in Capital Structure;
4. Mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
5. Changes in Key Managerial Personnel;

Words and expressions used and not defined in this Code but defined in the PIT Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

made thereunder, each as amended from time to time shall have the meanings respectively assigned to them in those legislation.

3. APPLICABILITY

This Policy is applicable to the Arohan. ***This policy shall be applicable to the Company from the date of listing of the Company's Equity share in the recognized stock exchanges and applicability related to listing of debt instrument shall be applicable from the date of the approval of this policy by the Board.***

PIT Regulations and this Policy are also applicable on transmission of shares. However, they are exempted from provisions of trading window closure, pre-clearance and contra trade, but the norms relating to disclosure requirements shall be applicable on transmission of Shares.

4. PROHIBITION ON COMMUNICATING OR PROCURING UPSI

An insider shall not –

1. Communicate, provide, or allow access to any UPSI, relating to the Company or it's securities listed or proposed to be listed, to any person including other insiders.
2. Procure from or cause the communication by any insider of UPSI, relating to the Company or it's securities listed or proposed to be listed.

Provided that nothing contained above shall be applicable when an UPSI is communicated, provided allowed access door procured:

3. In furtherance of legitimate purposes, performance of duties or discharge of legal obligations pursuant to appropriate confidentiality and non-disclosure agreements being executed, and an undertaking to be taken that he/she shall not trade in securities of the Company when in possession of UPSI.

4. in the event the Board of Directors direct or cause the public disclosure of UPSI in the best interest of the Company; or

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

The term the term “legitimate purpose” shall include sharing of UPSI in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of SEBI (PIT) Regulation 2015.

5. STRUCTURED DIGITAL DATABASE(SDD)

The Board shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under SEBI (PIT) Regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Even if the UPSI is shared only within the Company, then also Company is required to maintain this structured digital database.

If Nominee Directors shares UPSI for legitimate purpose with the Bank/FIs, it would be considered as communication of UPSI. Accordingly, the same would be recorded in the SDD of the Company.

6. PROHIBITION ON INSIDER TRADING

An Insider shall not, directly or indirectly trade in securities that are listed or proposed to be listed when in possession of UPSI. When a person who has traded in securities has been in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his/her possession.

The insider may prove his/her innocence by demonstrating any of the circumstances as set out in first proviso of Regulation 4(1) of SEBI (PIT) Regulation. In the case of connected persons, the onus of establishing, that they were not in possession of UPSI, shall be on such connected persons and in other cases, the onus would be on the SEBI.

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

7. TRADING PLANS

1. An insider shall be entitled to formulate a trading plan that complies with Regulation 5(2) of the SEBI (PIT) Regulations (“Trading Plan”) and present it to the Compliance officer for approval and public disclosure pursuant to which trades may be carried out in his behalf in accordance with such plan.

2. The Compliance officer shall review, to assess whether the plan would have any potential for violation of SEBI (PIT) Regulations and shall be entitled to seek such express undertakings, that he is not in possession of UPSI or that he would ensure that any UPSI in his possession becomes generally available before he commences executing his trades as may be necessary to enable such assessment, and to approve such trading plan if it complies with SEBI(PIT) Regulation and monitor the implementation of the trading plan and shall disclose the Trading Plan to the stock exchanges.

3. 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 UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the trading plan shall be deferred until such UPSI becomes generally available information.

8. DISCLOSURES OF TRADING

- a. The disclosures to be made by any person under this para shall include those relating to trading by such person’s immediate relatives, and by any other person for whom such person takes trading decisions.

- b. 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 policy. Provided that trading in derivatives of securities is permitted

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

by any law for the time being in force.

- c. Promoter, member of the promoter group, key managerial personnel and director of the Company shall disclose his holding of securities in the Company as on the date of SEBI (PIT) Regulations taking effect, to the company at compliance@arohan.in within thirty days of the Regulations taking effect.
- d. Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company at compliance@arohan.in within 7 (seven) days of such appointment or becoming a promoter.
- e. Every promoter, member of the promoter group, designated person and director of the Company shall disclose to the company at compliance@arohan.in the number of securities acquired or disposed of 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 ten lakh rupees.
- f. Such disclosures are required to be made even when the acquisition was made by way of allotment of shares except bonus issuance and shares received pursuant to a scheme.
- g. The Compliance Officer shall notify the particulars of such trading to the stock exchange within two trading days of receipt of the disclosure or from becoming aware of such information. The disclosure of the incremental transactions after any disclosure under policy, shall be made when the transactions effected after the prior disclosure cross the threshold as described above.
- h. The Company may, at its discretion require any other connected person or class of connected persons, to whom it has to provide UPSI, to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with this policy and with SEBI (PIT) Regulation.

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

9. TRADING WINDOW

- a. The Compliance Officer shall notify a ‘trading window’ during which the Designated Persons may Trade in the Company’s securities after securing pre-clearance from the Compliance Officer in accordance with this Policy.
- b. Designated Persons shall not trade in the Company’s securities when the trading window is closed.
- c. The trading window shall generally be closed for all Insiders between [●] day prior to the last day of any financial period for which results are required to be announced by the Company and the [●] day after disclosure of such financial results.
- d. Additionally, the trading window shall be closed in particular for a Designated Person or class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- e. The trading window may be re-opened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.

Note: [●], will be informed according the applicability

10. PRE -CLEARANCE OF TRADING

- a. Designated Persons may Trade in the securities of the Company when the trading window is open, after obtaining approval of the Compliance Officer by submitting an application.
- b. The Compliance Officer shall not approve any proposed trade by Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

- c. The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve trading by a Designated Person, on the condition that the trade so approved shall be executed within seven trading days following the date of approval.
- d. The Designated Person shall, within two days of the execution of the Trade, submit the details of such trade to the Compliance Officer. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.
- e. If the pre-cleared trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.
- f. A Designated Person who trades in securities without complying with the pre-clearance procedure as envisaged in these Rules or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the pre-clearance procedure shall be subjected to the penalties as envisaged in this Policy.

11. CODE OF FAIR DISCLOSURE

- a. The Board has formulated a Code on practices and procedure to be followed for fair disclosure of UPSI, with respect to fair disclosure of events and occurrences that could impact price discovery in the market for its securities, which can be assessed at www.arohan.in.
- b. The above mentioned Code and any amendment thereto shall be promptly disclosed to the Stock exchange by the Compliance Officer.

12. PENALTY FOR INSIDER TRADING

An Insider who acts in contravention of these Policy shall be liable to have his services or relationship with the Company, as the case may be, terminated. Directors, Officers and employees of the Company who violate these rules shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in the Company’s stock option plans or termination. The SEBI or

Authorized by:	Issue date:	Version No.	Controlled Copy
The Board	February 04, 2021	1.1	

any other appropriate regulatory authority would also be informed of the violation of these Rules so that appropriate action may be taken.

13. MISCELLANEOUS

The Board of Directors shall be empowered to amend, modify, interpret this Policy. Audit Committee the Company shall review compliance with the provisions of this Policy and SEBI (PIT) Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effective.

Authorized by:	Issue date:	Version No.	Controlled Copy
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