Internal Policy & Control Procedure In terms of Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Introduction:

SEBI vide its Notification No. LAD-NRO/GN/2014-15/07/1414 dated 1st September, 2014 has notified the SEBI (Research Analysts) Regulations, 2014. The Securities & Exchange Board of India (SEBI) had formulated the SEBI (Research Analyst) Regulations, 2014 under the powers conferred on it under the SEBI Act, 1992. These regulations came into force with effect from 1st December 2014. Research Analyst is required to follow the code formulated by us both in letter and spirit.

These regulations have been introduced by SEBI with the objective of fostering transparency in security research and provide the investors with more reliable and useful information to make investment decisions. According to Chapter III, Regulation 15 of the SEBI (Research Analysts) Regulations, 2014, the entity shall have written internal policies and control procedures governing the dealing and trading by any research analyst.

In compliance with the said Regulation, Clearmind Consultancy Private Limited vide SEBI Research Analyst Registration No. INH000025179 (herein referred to as "RA" or "Clearmind Consultancy Private Limited") has formulated this Policy and Control Procedure.

Objective:

1.To establish proper internal control and procedures and to govern the dealing and trading by any research analyst.

2.To address actual or potential conflict of interest arising from such dealings or trading of securities of the subject company, and to promote objective and reliable research that reflects the unbiased view of the research analyst.

3.To prevent the use of research report or research analysis to manipulate the securities market.
4. To implement appropriate mechanisms to ensure independence of research activities from other business activities.

5.To ensure compliance with SEBI rules and regulations — Clearmind Consultancy Private Limited, being a Research Analyst registered under SEBI, is required to adopt and adhere to such Research Analyst Regulations, subject to the policies and procedures set out herein.

It is mandatory in terms of the Regulations for every Research Analyst to formulate a Code of Conduct. Our policy is only to publish research reports which are impartial, independent, clear, fair and not misleading. Such research may be produced and published only by the analysts working with Clearmind Consultancy Private Limited and as per the Regulations.

Applicability:

This policy is applicable to all research analysts and associates (if any) of Clearmind Consultancy Private Limited Private Limited — namely, any person primarily responsible for:

1. preparation or publication of the content of a research report; or

2. providing a research report; or

3. making 'buy / sell / hold' recommendations; or

4. giving a price target; or

5. offering an opinion concerning a public offer,

with respect to securities that are listed or to be listed on a stock exchange — whether or not such person has the job title of "Research Analyst".

Definitions:

"Act"

The Securities and Exchange Board of India Act, 1992 (15 of 1992).

"Asset Management Company"

A company as defined under clause (d) of Regulation 2 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

"Associate"

An associate as defined in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

"Board"

The Securities and Exchange Board of India established under Section 3 of the Act.

"Certificate"

A certificate of registration granted under these regulations.

"Change in Control"

In case of a body corporate:

(A) if its shares are listed on any recognised stock exchange — construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of Section 11 of the Act;

(B) if its shares are not listed — construed with reference to the definition of control as provided in sub-section (27) of Section 2 of the Companies Act, 2013.

In any other case — any change in legal formation or ownership or change in controlling interest. "Controlling interest" means an interest, direct or indirect, of not less than fifty per cent of voting rights or interest.

"Consideration"

Any form of economic benefit including non-cash benefit, received or receivable, directly or indirectly, in any form whether from a client or otherwise for providing research services.

"Family of Individual Research Analyst"

Includes the individual research analyst, spouse, children and parents.

"Family of Client"

Includes the individual client, dependent spouse, dependent children and dependent parents.

"Fund Manager"

Includes fund managers of a mutual fund or alternative investment fund or venture capital fund or portfolio manager.

"Independent Research Analyst"

A person whose only business activity is research analysis or preparation and / or publication of research reports.

"Inspecting Authority"

Any one or more persons appointed by the Board to exercise powers conferred under Regulation 27.

"Investment Adviser"

Any person registered under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.

"Limited Liability Partnership"

A partnership formed and registered under the Limited Liability Partnership Act, 2008 (6 of 2009).

"Merchant Banking, Investment Banking or Brokerage Services"

Includes:

(i) acting as an underwriter; (ii) participating in a selling or offering for the issuer; (iii) acting as an adviser in a merger or acquisition; (iv) providing or arranging venture capital, equity or debt; (v) serving as placement agent or otherwise acting in furtherance of a private offering; (vi) offering brokerage or market making services.

"NBFC"

A Non-Banking Financial Company registered by the Reserve Bank of India.

"NISM"

The National Institute of Securities Markets established by the Board.

"Non-individual"

A body corporate including a limited liability partnership and a partnership firm.

"Other Business Activity or Employment"

Such business activity or employment which is not related to securities and: (a) does not involve handling or managing of money or funds of a client or person; or (b) is not related to providing advice or recommendation to any client or person in respect of any products or assets for investment purposes.

"Partner"

A partner of the partnership firm or limited liability partnership who renders research services on behalf of the firm or LLP.

"Part-time Research Analyst"

An individual or partnership firm who, for consideration, is engaged in the business of providing research services and is also engaged in any other business activity or employment.

"Persons Associated with Research Services"

Any member, partner, officer, director or employee or any other staff of the research analyst or research entity — including any person occupying a similar status or performing a similar function, irrespective of the nature of association — who is engaged in providing research services to clients or other persons or to the general public.

Explanation — All client and public facing persons such as analysts, sales staff, service relationship managers, client relationship managers, etc., by whatever name called, are deemed to be persons associated with research services, but do not include persons who discharge clerical or office administrative functions where there is no connection with research services and no client contact.

"Price Target"

The research analyst's expectations on the future performance of specific securities.

"Principal Officer"

In case of a non-individual research analyst engaged solely in providing research services — the managing director or designated director or managing partner or executive chairman or equivalent management body responsible for the overall function of the business and operations.

Where the entity is engaged in activities other than research services through separate departments / divisions — the person at the management level who is the business head or unit head responsible for research operations.

In case of a partnership firm one of the partners shall be designated as Principal Officer.

"Proxy Adviser"

Any person who provides advice, through any means, to institutional investors or shareholders of a company in relation to exercise of their rights — including recommendations on public offer or voting recommendations on agenda items.

"Public Appearance"

Any participation in a conference call, seminar, forum (including interactive and non-interactive electronic forum), radio or television or internet or web or print media broadcast, authoring a print media article or other public speaking activity in public media in which a research analyst makes a recommendation or offers an opinion concerning securities or a public offer. Excludes password-protected webcasts or conference calls with clients where all participants previously received the relevant research report and required disclosures.

"Public Media"

Any media source available to the general public — radio, television, internet, web or print media.

"Public Offer"

Includes initial public offer, further public offer, offer for sale, disinvestment, takeover, buy-back or delisting of securities.

"Relative"

A person as defined in sub-section (77) of Section 2 of the Companies Act, 2013 and who is financially dependent on the independent research analyst, part-time research analyst, or individual research analyst employed by the research entity.

"Research Analyst"

A person who, for consideration, is engaged in the business of providing research services and includes a part-time research analyst.

"Research Entity"

An intermediary registered with the Board who is also engaged in merchant banking, investment banking, brokerage services or underwriting services and issues research reports or research analysis in its own name through individuals employed by it as research analysts — and includes any other intermediary engaged in issuance of research reports.

"Research Report"

Any written or electronic communication that includes research analysis, research recommendation, or an opinion concerning securities or a public offer, providing a basis for an investment decision.

Excludes: comments on general market trends; discussions on broad-based indices; commentaries on economic, political or market conditions; periodic reports for unit holders of mutual funds, AIFs, or clients of portfolio managers and investment advisers; internal communications not given to clients; offer documents or prospectuses; statistical summaries of financial data; technical analysis on sector / index supply and demand.

"Research Services"

The following services provided by a research analyst with respect to securities listed or proposed to be listed:

(i) preparation or publication of research report or its content; (ii) providing or issuing research report or analysis; (iii) making 'buy / sell / hold' recommendation; (iv) giving price target or stop-loss target; (v) offering an opinion on a public offer; (vi) recommending model portfolio; (vii) providing trading calls; (viii) any other service of similar nature.

"Securities"

Securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

"Significant News or Event"

Any news or event expected to have a material impact on, or that reflects a material change to, the subject company's earnings, operations or financial condition — other than unpublished price-sensitive information — as specified in the firm's internal policies and procedures.

"Subject Company"

The company whose securities are the subject of a research report or a public appearance.

"Stock Exchange"

A stock exchange recognised under Section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).

"Third Party Research Report"

A research report produced by a person or entity other than the research analyst or research entity.

"Trading Calls"

Intraday, ultra-short-duration, non-delivery-based (other than hedging) recommendations or any recommendation related to securities that are not personalized or investor specific.

Management of Conflict of Interest and Disclosure Requirements:

1. Limitations on trading by research analysts:

Research Analysts shall not

- (a) deal / trade in securities recommended / followed by the research analyst within 30 days before and five days after the publication of a research report;
- (b) deal / trade in securities that the research analyst reviews in a manner contrary to his given recommendation;
- (c) purchase or receive securities of the issuer before the issuer's initial public offering, if the issuer is principally engaged in the same types of business as companies that the research analyst follows or recommends.

However, the above restrictions to trade/ deal in securities shall not be applicable in case of significant news or event concerning the subject company or based upon an unanticipated significant change in the personal financial circumstances of the research analyst.

2. Limitation on Publication of Research Report, Public Appearance, Conduct of Business etc.

- The Research Report issued by Research Analyst shall be based on adequate documentary research evidence.
- Research Analyst shall not provide any promise or assurance of favourable review in research report to the Company or Industry as a consideration to commence or influence a business relationship of for the receipt of compensation or other benefits.

However, the above restrictions to trade/ deal in securities shall not be applicable in case of significant news or event concerning the subject company or based upon an unanticipated significant change in the personal financial circumstances of the research analyst.

3. Disclosures in Research Report

Research Analyst shall disclose all material information about himself including the following in its research reports:

- Business Activity
- Disciplinary History
- Terms and conditions on which it offers research report
- Details with respect to Ownership and Material Conflict of Interest such as:
- Whether Research Analyst or its/his associate or relatives has any Financial interest in the subject company, if yes, together with nature of such financial interest.
- Whether Research Analyst or its/his associate or relatives have actual / beneficial ownership of 1 % or more securities of subject company at the end of the month immediately preceding the date of publication of research report or date of public appearance, as the case may be.
- Details of actual / beneficial ownership of one percent or more securities of the subject company, at the end of month immediately preceding the date of publication the research report or date of public appearance.
- Details of any material conflict of interest at the time of publication of research report or at the time of public appearance.
- Details of any compensation received by Research Analyst or its/his/her/their associates from the subject company in past 12 months.
- Details of whether Research Analyst or its associates have managed or co-managed the public offering of subject company in past 12 months.
- Details of whether Research Analyst or its associates have received any compensation for investment banking or merchant banking of brokerage services from the subject company in past 12 months.
- Details of whether Research Analyst or its associates have received any compensation for products or services other than above from the subject company in past 12 months.
- Details of any compensation or other benefits received by Research Analyst or its/his/her/their associates from the subject company or 3rd party in connection with the research report.
- Research Analyst shall disclose in public appearance with regard to receipt of compensation
- Whether Research Analyst or its/his/her/their associates have received any compensation from the subject company in past 12 months

- Whether the subject company is / was client of Research Analyst during 12 months preceding the date of distribution of research report and the types of such services provided by Research Analyst
- Whether the Research Analyst has served as an officer, director or employee of the subject company.
- Whether Research Analyst has been engaged in market making activity of the subject company
- Such other disclosures in research reports / public appearance as specified by SEBI under any other regulations.
- Such Research Reports reflects the factual information about the subject company and are based on reliable information. Such reports also contain the definition of terms which are used in making recommendations and such terms have been used consistently.
- If such Research Reports contain either a rating or price target for at least 1 year, the same shall also provide for the graph of daily closing price of such securities for the period assigned or for a 3-year period, whichever is shorter.
- Such Research Report Shall not be issued selectively to internal trading personnel or to a particular client or group of other clients in advance of other clients who are entitled to receive the research report.
- In case, Research Analyst appears in public media and make any recommendation, the disclosure of his / its name, registration status and details of financial interest shall invariably made at the time of making such recommendation or offering any opinion in his personal capacity, responding to any queries of audience or journalists in personal capacity and communicating the research report or its substance through public media.

4. OTHER CONDITIONS:

- Research Analyst shall be NISM Certified or such other certification for research analysts as specified by SEBI.
- Research Analyst shall maintain and preserve following records for a minimum period of 5 years:
- Research recommendation provided
- Rationale for arriving at research recommendation
- Record of public appearance
- Research Analysts shall forthwith inform the Board in writing about any information or particulars about him/her/them submitted to SEBI, which are found to be false or

misleading in any material particular or are there is any change in information already submitted.

- Research Analyst shall conduct annual audit in respect of compliance with the captioned SEBI Regulations from member of ICAI or ICSI.