



POLICY ON

Internal Policy & Control Procedure in terms of SEBI (Research Analysts) Regulations, 2014

*Ref : 1) SEBI Notification dated 1st September, 2014
2) SEBI notification dated 24th March, 2015*

GEPL CAPITAL PRIVATE LIMITED

MEMBER OF BSE, NSE AND CDSL

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With reference to the SEBI circular No. LAD-NRO/GN/2014-15/07/1414 dated 1st September, 2014, wherein SEBI has notified SEBI (Research Analysts) Regulations, 2014 which shall be effective on/after expiry of 29th November, 2014 (Ninetieth day from the date of their publication if official gazette). 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.

To ensure compliance with SEBI rules and regulations, we being the Stock Broker registered under SEBI, is required to adopt and adhere such Research Analyst Regulation., subject to the following policies and procedures:

1) Applicability:

The policy shall be applicable to all employees of GEPL Capital Private Limited (GEPL) engaged in Research Department as a Research analyst i.e. a person primarily responsible for preparation or publication of the content of the research report; or providing a research report or Making 'buy sell/hold' recommendation or giving price target or offering an opinion concerning public offer with respect to securities that are listed or to be listed in a Stock Exchange whether or not such person has the job title of 'Research Analyst'.

2) Definitions :

a) Research Analyst :

“Research Analyst” means a person who is primarily responsible for,-

- i. Preparation or publication of the content of the research report; or
- ii. Providing research report; or
- iii. Making 'buy/sell/hold' recommendation; or
- iv. Giving price target; or
- v. Offering an opinion concerning public offer,

with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.

Explanation.-The term also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above;

b) Research Entity:

"Research Entity" means an intermediary registered with Board who is also engaged in merchant banking or investment banking or brokerage services or underwriting services and issue research report or research analysis in its own name through the individuals employed by it as research analyst and includes any other intermediary engaged in issuance of research report or research analysis.

c) Research Report:

"Research Report" means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision and does not include the following communications:-

- (i) Comments on general trends in the securities market;
- (ii) Discussions on the broad-based indices;
- (iii) Commentaries on economic, political or market conditions;
- (iv) Periodic reports or other communications prepared for unit holders of mutual fund or alternative investment fund or clients of portfolio managers and investment advisers;
- (v) Internal communications that are not given to current or prospective clients;
- (vi) Communications that constitute offer documents or prospectus that are circulated as per regulations made by the Board;
- (vii) Statistical summaries of financial data of the companies;
- (viii) Technical analysis relating to the demand and supply in a sector or the index;

d) Significant news or event:

Significant news or event" means any news or event which is 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 internal policies and procedure of the research analyst or research entity.

e) Subject Company:

Subject Company" means the company whose securities are the subject of a research report or a public appearance.

f) Senior Management:

Senior Management shall mean and include Board of Directors and Compliance Officer of GEPL.

g) Third Party Research Report:

Third Party Research Report" means a research report produced by a person or entity other than Research Analysts of GEPL or by GEPL itself

3) Management of Conflict of Interest and Disclosure Requirements :

GEPL and its Research Analysts shall maintain arms-length relationship between its research activity and other activities.

I) Limitations on trading by Research Analysts

- a) personal trading activities of the individuals employed as research analysts shall be monitored, recorded and wherever necessary, shall be subject to a formal approval process.
- b) Research Analysts employed by GEPL or their associates 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.

- c) 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, subject to prior written approval from Compliance Officer.
- d) Further, all the research analysts shall always adhered to the Conflict of Interest Policy of the Company, developed and implemented by the company pursuant to SEBI Circular dated 27/OS/20L3. For the sake of brevity of this policy the same is not narrated herein, however, this policy shall be read, understood and complied by all Research Analysts in conjunction with the said Conflict of Interest Policy as may be prevalent from time to time.

II) Compensation of Research Analysts:

- a) The Research Analysts in the employment of GEPL shall not be entitled to any bonus, salary or other form of compensation that is based on specific brokerage services transactions.
- b) Further, compensation of all research analysts shall be reviewed, documented and approved annually by Committee of Board of Directors of GEPL. First such review shall be carried on yearly basis.
- c) Such Research Analysts shall perform his/her/their duties independently and shall not be under supervision /control of any employee of brokerage services division of GEPL.

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

- a) GEPL and/or its Research Analysts shall not publish or distribute research reports / analysis or make public appearance regarding a subject company for which GEPL has acted as a Manager / Co-Manager / Underwriter within a prescribed time period (i.e. 40 days immediately following the day on which securities are priced in case of IPO or 10 days immediately following the day on which securities are priced in case of FPO), unless a prior written approval has been obtained from Compliance Officer.

- b) In case if GEPL is acting as an underwriter of any IPO/ FPO, it shall not publish or distribute research report or make public appearance regarding that issuer for 25 days from the 1st date of public offering of the securities.
- c) In case if GEPL is acting as a Manager or Co-manager of any IPO / FPO, it shall not publish or distribute a research report or make public appearance regarding that issuer within 15 days prior to date of entering into and 15 days after expiration / waiver / termination of a lock-up agreement or such other agreement, unless prior written approval is obtained from Compliance Officer.
- d) The Research Report issued by Research Analysts of GEPL shall be based on adequate documentary research evidence.
- e) GEPL and/or its Research Analysts shall not provide any promise or assurance of favorable 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.
- f) GEPL shall ensure that its Research Analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of research report.
- g) Research Analysts shall not (a) engage directly / indirectly in any communication with a current or prospective client in the presence of personnel from brokerage service divisions or Company Management (b) engage in sales or marketing related activities related to Brokerage Service divisions nor engage in any communication with a current or prospective client about transactions of such Brokerage Service Division; (c) make any promise or assurance of favorable review in its research report to a company or industry or sector or group of companies or business group as consideration to commence or influence a business relationship or for the receipt of compensation or other benefits; (d) participate in business activities designed to solicit investment banking or merchant banking or brokerage services business such as sales pitches and deal road shows.
- h) Research Analysts shall have adequate documentary basis, supported by research, for preparing a research report.

IV) Disclosures in Research Report

Research Analysts of GEPL who are engaged in research activity and preparing research report shall disclose all material information about himself or GEPL including the following in its report:

- i. Business Activity
- ii. Disciplinary History
- iii. Terms and conditions on which it offers research report
- iv. Details of Associates
- v. Details with respect to Ownership and Material Conflict of Interest such as :
 - a) Whether GEPL or any Research Analysts or its/his associate or relatives has any Financial interest in the subject company, if yes, together with nature of such financial interest.
 - b) Whether GEPL or any Research Analysts 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.
 - c) 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.
 - d) Details of any material conflict of interest at the time of publication of research report or at the time of public appearance.
 - e) Details of any compensation received by GEPL or Research Analysts or its/his/her/their associates from the subject company in past 12 months.
 - f) Details of whether GEPL or its associates have managed or co-managed the public offering of Subject Company in past 12 months.
 - g) Details of whether GEPL or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in past 12 months.
 - h) Details of whether GEPL or its associates have received any compensation for products or services other than above from the subject company in past 12 months.
 - i) Details of any compensation or other benefits received by GEPL or Research Analysts or its/his/her/their associates from the subject company or 3'o party in connection with the research report.

- vi. GEPL and / or its Research Analysts shall disclose in public appearance with regard to receipt of compensation (a) whether GEPL or Research Analysts or its/his/her/their associates have received any compensation from the subject company in past 12 months (b) whether the subject company is / was client of GEPL during 12 months preceding the date of distribution of research report and the types of such services provided by GEPL.
- vii. Whether the Research Analysts has served as an officer, director or employee of the subject company.
- viii. Whether GEPL or its Research Analysts has been engaged in market making activity of the subject company.
- ix. Such other disclosures in research reports / public appearance as specified by SEBI under any other regulations.
- x. 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.
- xi. If such Research Reports contain either a rating or price target for atleast 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.
- xii. 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.
- xiii. In case of distribution of any 3rd party research report, Research Analysts of GEPL shall review such 3rd party report for any untrue statement of material fact or any false or misleading information, provided that GEPL or its Research Analysts do not have any direct/indirect business or contractual relationship with such 3rd party research provider.
- xiv. In case, any Research Analysts or Director or employee of GEPL 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:

- a) Research Analysts of GEPL shall obtain NISM certification or such other certification for research analysts as specified by SEBI within 2 years of commencement of the captioned SEBI Regulations i.e. on/before 29/11/2017.
- b) GEPL and its Research Analysts shall maintain and preserve following records for a minimum period of 5 years:
 - Research Report duly signed and dated
 - Research recommendation provided
 - Rationale for arriving at research recommendation
 - Record of public appearance
- c) Research Analysts shall forthwith inform the GEPL in writing about any information or particulars about him/her/them submitted to GEPL which are found to be false or misleading in any material particular or is there is any change in information already submitted.
- d) The Compliance Officer shall monitor and comply in his regard.
- e) GEPL shall conduct annual audit in respect of compliance with the captioned SEBI Regulations from member of ICAI or ICSI.

5. Amendment

SEBI vide notification dated 24th March, 2015, under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 notified as under:

- any person acting or desirous of acting as research analyst under the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 ("the Regulations"), shall obtain certification from the National Institute of Securities Markets (NISM) by passing the "**NISM-Series-XV: Research Analyst Certification Examination**".

Sd/-

Vivek I. Gupta
Director