

**Policy for procedure of inquiry in case of leak of Unpublished Price sensitive Information (UPSI)**  
**[Under Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015]**

**I. Background:**

SEBI formulated Committee on Fair Market Conduct under the Chairmanship of Shri T.K. Viswanathan, Ex-Secretary General, Lok Sabha and Ex- Law Secretary to review the existing legal framework to deal with market abuse and to ensure fair market conduct in the securities market. Accordingly the committee has recommended various amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015

Among the other issues one important matter of serious concern was to prevent Leakage of UPSI as it will affect the listed company in terms of its market price as well as loss of reputation and investors' / financiers' confidence in the company.

Thus the Committee was of the opinion that the concerned listed company should take equally responsibility to find out sources of leakage and plug loopholes in the internal control systems to prohibit reoccurrence of such leakage of UPSI.

The Recommendation of the Committee was well taken by the Market regulator there by mandating every listed entity to formulate a written policy and procedures for inquiry in case of leak of UPSI and the same shall be approved by Board of Directors of the company

**II. Objective:**

- a) To strengthen the internal control system to prevent leak of UPSI.
- b) To restrict and prohibit the practice of sharing of UPSI, with the un-authorized person, which originates from within the company and which affects the market price of the Company as well as loss of reputation and investors' / financiers' confidence in the company
- c) To have a uniform code to curb the un-ethical practices of sharing UPSI by Insiders, Employee & Designated Persons with any person, firm, Company or Body Corporate
- d) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and to report the same to the Securities and Exchange Board of India ("SEBI") promptly.
- e) To take disciplinary actions, if deemed fit against any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy, apart from any action that SEBI may initiate/take against the Insider, Employee & Designated Persons.

**III. Applicability:**

This policy shall become applicable with effect from April 1, 2019

#### **IV. Definitions:**

**Leak of Unpublished price sensitive information (“UPSI”)** shall mean communication of UPSI by an insider to any person except under the legitimate purpose or such other purposes as defined under SEBI (Prohibition of Insider Trading) Regulations, 2015 through any means, which shall include but not limited to communication of UPSI through social media platforms, Written/Verbal communication, etc.

Words and expressions used and not defined in this policy but defined in the conduct to regulate, monitor and report trading by designated persons, 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

#### **V. Constitution of Inquiry committee (“IC”):**

The Board of the company shall constitute an “Inquiry Committee”. The Inquiry Committee shall consist of minimum of three Directors and such other Senior Officers as may decided by the Board.

In case if member of the IC involves in leakage or suspected leakage or commits any other violation he/she shall recuse himself/herself from committee and the resultant vacancy shall be filled by the Board.

Any person knows or is aware about leakage of UPSI or has knowledge/information about suspected leakage of UPSI, shall report immediately to the Inquiry Committee.

#### **VI. Duties and Power of Inquiry Committee:**

The Inquiry Committee shall have the following powers and duties:

- a) To conduct inquiry about the actual/suspected leak of UPSI and decide the veracity of such information.
- b) The committee shall have the power to investigate any insider, as it deems fit to be connected to the leak of the UPSI.
- c) The committee shall have the power to access the all the communication which are routed through the official email id used by the insider.
- d) The committee shall have the power to decide the quantum of the punishment/Disciplinary action.
- e) The committee shall complete the inquiry within a period of 7 days on receipt of information about such leak of UPSI.

- f) The committee on completion of inquiry shall submit a report to the board within a period of three days of completion of the inquiry, about the findings of such inquiry.

## **VII.Procedure for Inquiry in case of Leak of UPSI**

Any other person on becoming aware of any actual or suspected leak of UPSI through any means, shall inform the same to the IC. The IC on receipt of such information shall conduct inquiry as detailed below

### **Preliminary Inquiry:**

The basic objective for carrying on the preliminary inquiry is to ascertain whether the information/allegation received is true or not. The Inquiry Committee shall also decide, whether the leaked information is of price sensitive nature.

Based on the findings of the Preliminary inquiry the committee shall decide whether to proceed with the inquiry or not. The preliminary inquiry shall be completed within a period of two days from the date of receipt of information.

### **Detailed Inquiry:**

The committee on being satisfied that the leak was in the nature of UPSI shall proceed to carry on a detailed inquiry.

- ❖ The committee shall send a written notice to the alleged insider who has leaked the UPSI and the same shall be sent through mail or shall be delivered by hand.
- ❖ The committee shall collect all available information and documents from the insider in relation to the leak of the UPSI.
- ❖ Based on the principals of natural justice the alleged insider shall be given an opportunity of personal hearing.
- ❖ The detailed inquiry shall be completed within a period of five days from the date of completion of preliminary inquiry

The committee on completion of the detailed inquiry shall submit a report to the board within a period of three days from the date of completion of detailed inquiry.

### **Disciplinary Action:**

Board of Directors shall determine the quantum of punishment and other disciplinary action to be taken based on the recommendation made by IC

The disciplinary action shall include wage freeze, suspension, recovery, claw back, termination or any other action as the Inquiry committee deems fit.

## **VIII.Amendment**

The Board of Directors of the Company, in sync with applicable laws, rules & regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire Policy with a new Policy.

In any circumstance where the terms of this Policy differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over this Policy.

This Policy and any subsequent amendment(s) thereto, shall be promptly intimated to the Stock Exchanges, if required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Prohibition of Insider Trading) Regulations, 2015 and any amendment, re-amendment or re-enactment thereto.