



### Inquiry Leak of Unpublished Price Sensitive Information

*Policy and Procedure for Inquiry in the event of Leak or Suspected Leak of Unpublished Price Sensitive Information [Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]*

#### **(1) Background:**

This “Policy on conducting an inquiry in the event of leak or suspected leak of unpublished price sensitive information”, as may be amended from time to time (the “Policy”) has been formulated under Regulation 9A(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time (the “Insider Trading Regulations”), with an objective to put in place a framework for inquiry in the event of leak or suspected leak of unpublished price sensitive information and inform SEBI promptly of such leaks, inquiries and results of such inquiries.

The Policy was approved by the Board of Directors of Samrat Pharmachem Limited (the “Company”) at its meeting held on 29th March, 2019 and is effective from 1st April, 2019.

#### **(2) Scope:**

This Policy deals with-

- (a) Formulating procedures for inquiry such as initiating inquiry, reporting, etc. in case of leak or suspected leak of UPSI.
- (b) Strengthening the internal control system to prevent leak of UPSI.
- (c) Penalizing any insider who appears to have found guilty of violating this policy.

#### **(3) Definitions:**

For the purpose of this Policy, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:

- (a) “Board” shall mean the Board of directors of the Company;
- (b) “Insider Trading Regulations” shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
- (c) “Policy” shall mean this “Policy for conducting an inquiry in case of leak or suspected leak of unpublished price sensitive information”, as amended from time to time, formulated under Regulation 9A(5) of the Insider Trading Regulations;
- (d) “Unpublished Price Sensitive Information” or “UPSI” shall mean any information, relating to the Company or its securities, directly or indirectly, that is not generally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:

- financial results;
- dividends;
- change in capital structure;
- mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- changes in key managerial personnel; and



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- such other information deemed to constitute UPSI under Company's Code of Conduct to regulate, monitor and report trading by Designated Persons from time to time.  
(e) "Subject" means the person or persons against or in relation to whom an inquiry is initiated in case of leak or suspected leak of UPSI;

Words and expressions used and not defined herein shall have the meanings assigned to them in the Company's Code of conduct to regulate, monitor and report trading by Designated Persons and the Insider Trading Regulations.

#### **(4) Procedure for inquiry in case of Leak or suspected Leak of UPSI:**

##### **(a) Inquiry Committee:**

The Board shall constitute an Inquiry Committee which shall comprise of Chairman of the Audit Committee, Managing Director and Compliance Officer (the "Inquiry Committee"), who shall:

- deal with any leak of UPSI or suspected leak of UPSI, upon becoming aware of such leak;
- conduct inquiries as laid out in this Policy in case of such leaks or suspected leaks and inform the Board promptly of such leaks, inquiries and result of such inquiries.

##### **(b) Source of Information relating to Leak of UPSI:**

The Inquiry Committee on becoming aware suo-moto or on receipt of a written intimation of leak or suspected leak of UPSI from:

- the Subject
- any other person, including employees of the Company
- Regulators

Follow the below mentioned procedure in order to inquire and/or investigate the matter.

##### **(c) Preliminary Inquiry:**

- The Inquiry Committee shall promptly, upon becoming aware or otherwise on receipt of information regarding a leak or suspected leak of UPSI by any person, hold a meeting and take cognizance of the matter.
- In the event the Inquiry Committee finds the allegations regarding leak or suspected leak of UPSI to be frivolous, not maintainable or outside the scope of this Policy, the Inquiry Committee may dismiss such allegation, or refer such matter to the relevant department or individual within the Company as it deems fit.
- In the event the Inquiry Committee finds that the allegation regarding leak or suspected leak of UPSI requires further investigation, it may initiate the inquiry process at sub clause "e" below.

##### **(d) Quorum of the Inquiry Committee Proceedings:**

While conducting an inquiry, a minimum of 2 (two) members of the Inquiry Committee shall be present either in person or through electronic mode at any meeting of the Inquiry Committee. The Inquiry Committee may designate additional persons to also attend and participate in an inquiry conducted by the Inquiry Committee. If during any meeting of the Inquiry Committee, the minimum quorum requirement is not satisfied, or in the case where any member of the Inquiry Committee is under investigation, then any of the members of the Board shall have the power to nominate an alternate member(s) in place of such member who is not available or cannot be present to conduct the inquiry.



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## **(e) Inquiry Process:**

- The Inquiry Committee shall investigate further into the allegation regarding leak or suspected leak of UPSI by collecting relevant information required to ascertain such allegations.
- The Inquiry Committee may appoint external advisors as consultants to assist them in the inquiry, if necessary;
- The Inquiry Committee may require the head of the relevant departments of the Company viz., Finance, Secretarial, etc., which had access to the relevant UPSI or to which the UPSI is related or where the Subject is posted, to provide all necessary information required to determine the details of such leak or suspected leak of UPSI.
- The Inquiry Committee may obtain all emails and records of the any other persons in the department where the leak could have originated from the IT department. The Inquiry may also seek any other information as it deems fit from other departments of the Company;
- The Subject is required to file its reply to the information sought by the Inquiry Committee, along with the list of documents, names and addresses of persons with whom the information may have been shared etc., within the period stipulated by the Inquiry Committee;
- The Subject may be required by the Inquiry Committee to produce any document in relation to UPSI of the Company, including but not limited to the Company account statements, demat account statements or transaction statements for the Subject as well as for his / her Immediate Relatives, if applicable;
- Every Subject shall be provided with an opportunity to be heard;
- The Inquiry Committee shall record the proceedings of every meeting with the Subject and ensure that requisite information and documentation is made available for the perusal of the Board in this regard.
- The Subject may take necessary actions including sending the Subject on leave, restrict physical access to the office premise, freeze access to systems, electronic devices, emails, etc., during the pendency of the investigations for fair conduct of the proceedings.
- Keep the identity of the Subject confidential till the completion of inquiry unless it is essentially required for the purpose of this inquiry.
- Upon perusal of information provided by the Subject and pursuant to the inquiry proceedings, the Inquiry Committee shall submit its report and recommendations to the Board and will inform SEBI promptly. Such inquiry shall be completed by the Inquiry Committee in a timely manner.
- The Board shall take such action as prescribed under the Company's code of conduct to regulate, monitor and report trading by Designated Persons as well as the Insider Trading Regulations.
- Notwithstanding the aforesaid, SEBI or any other appropriate regulatory authority shall also be informed of such violation and may take appropriate action against the Subject.

## **(f) Powers of the Inquiry Committee:**

- The Inquiry Committee shall have the powers to summon and enforce the attendance of any person and conduct an examination, request the production of documents and / or any other matter which is deemed necessary for the inquiry process.
- Any refusal by the Subject or an employee of the Company to attend the inquiry proceedings when summoned or to provide to the Inquiry Committee any documents and / or information within his / her power or possession shall constitute as misconduct, rendering such Subject or such employee, as the case may be, liable to disciplinary action as the Inquiry Committee or Board may deem fit.
- The Inquiry Committee shall have the power to investigate or deal with such matter as per this Policy. Further, the Inquiry Committee shall have the power to seek any information from the departments of the Company, as the Inquiry Committee may deem fit.
- The Inquiry Committee shall have the right to terminate the inquiry proceedings or to give an ex-parte decision on the Subject, if the Subject fails, without sufficient cause, to present themselves, for any meeting convened by the Inquiry Committee.



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- The Inquiry Committee shall have the right to direct the Subject to refrain from deleting / erasing records from mobile devices in use by such Relevant Person and also submit such mobile device(s) to the Inquiry Committee for inspection.

## **(5) Rights and Obligations of the Subject:**

(a) The Subject shall-

- co-operate with the Inquiry Committee during the investigation process.
- Provide all information, as may be required by the Inquiry Committee.
- have a right to consult with a person or persons of their choice, other than members of Inquiry Committee.
- right to be informed of the outcome of the investigation

(b) The Subject(s) has the responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subject(s).

(c) Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

(d) Notwithstanding the aforesaid, SEBI or any other appropriate regulatory authority shall also be informed of such violation and may take appropriate action against the Subject.

## **(6) Guidelines for preventing the leak of UPSI:** (Chinese wall policy as applicable to the Company)

(a) Ensure secure work space for teams dealing with UPSI.

(b) Sharing of information only on a 'need to know basis'.

(c) Zero tolerance to non-compliance and reporting incidents of any breach of leak of UPSI.

(d) Maintaining a database of persons to whom UPSI is provided, the UPSI provided to such persons and purpose of providing such UPSI.

(e) Entering into confidentiality agreements with all persons to whom UPSI is provided. In employment agreements, to specifically mention that the employees may have access to UPSI and any unauthorised disclosure or usage may result in consequences under the SEBI PIT Regulations and the relevant Company policies.

(f) Monitoring significant price changes prior to and after any major events i.e. declaration of financial results, corporate actions, etc.

(g) Put in place systems and technology to:

- avoid data leakage using IP based controls, email monitoring, recording calls and restricted usage of mobile phones.
- avoid storage sensitive data over Internet or Public Online Storage Space.
- encryption and password protect the sensitive files.
- controls around sharing of information in physical or electronic form.

## **(7) Authority to make Alterations:**

The Board is authorized to make such alterations to this Policy from time to time as considered appropriate.

The provisions of the Policy have to be read along with the Insider Trading Regulations and if there is any inconsistency/contradiction between the two, the provisions of the Insider Trading Regulations shall prevail.