

POLICY AND PROCEDURE OF INQUIRY IN CASE OF LEAK OF UPSI



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**POLICY AND PROCEDURE OF INQUIRY IN CASE OF LEAK OF
UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)**

[Under Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015]

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“**PIT Amendment Regulations**”) mandates every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information (**UPSI**) and initiate appropriate action on becoming aware of leak of UPSI and inform the Board promptly of such leaks, inquiries and results of such inquiries.

In this regard, Board of Directors of Sumedha Fiscal Services Limited (“**Company**”) has laid down this policy for Procedure of Inquiry in case of Leak of Unpublished Price Sensitive Information (“**the Policy**”).

1. Objective

- (i) To strengthen the internal control system to prevent leak of UPSI.
- (ii) To restrict and prohibit the practice of sharing of UPSI, with the unauthorized person, which originates from within the Company and which affects the market price of the Company’s listed securities as well as loss of reputation and loss of investors’ / financiers’ confidence in the Company.
- (iii) 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.
- (iv) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and promptly inform the same to the Securities and Exchange Board of India (“SEBI”).
- (v) 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. .

2. Scope

To lay procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

3. Definitions:

- 1. Chief Investor Relation Officer (“CIO”)** shall mean the Compliance Officer of the Company appointed by the Board of Directors under Securities and Exchange Board India (Prohibition of Insider Trading) Regulations, 2015.
- 2. Support Staff** shall include IT Staff, Secretarial Staff, Accounts Staff and others who have access to unpublished price sensitive information.
- 3. Un-published Price Sensitive Information (“UPSI”)** shall mean any information, relating to a company or its securities, directly or indirectly, that is not generally available in the public domain, which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily include but not restricted to, information relating to the following;
 - a) Periodical Financial Results of the Company;
 - b) Intended declaration of Dividends;
 - c) Change in capital structure;
 - d) Mergers, De-mergers, Acquisitions, Delisting, Disposals and expansions of business, award or termination of order/contracts not in the normal course of business and such other transactions;
 - e) Changes in Key Managerial Personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor
 - f) change in rating(s), other than ESG rating(s);
 - g) fund raising proposed to be undertaken;
 - h) agreements, by whatever name called, which may impact the management or control of the company;
 - i) fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
 - j) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
 - k) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
 - l) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report; action(s) initiated or orders passed within India or abroad, by any regulatory,

statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;

- m) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- n) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- o) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- p) Any other matter as may be prescribed under the Listing Regulations and/or Corporate Law to be price sensitive, from time to time.

Explanation 1- For the purpose of sub-clause (ix):

- a. 'Fraud' shall have the same meaning as referred to in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- b. 'Default' shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Explanation 2- For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the Board from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable.

Note: *Words and expressions used and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, 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 the Rules and Regulations framed there under shall have the meanings respectively assigned to them in those legislation.*

4. Leak of UPSI:

shall mean communication of information which is / shall be UPSI, by any Insider, Employee & Designated Persons or any other known or unknown person to any person other than a person(s) authorized by the Board or Chief Investor Relation Officer (CIO) of the Company after following the due process

prescribed in this behalf in the Code of Practices for Fair Disclosure of the Company and /or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Prohibition of Insider Trading) Regulations, 2015, or any other law may be applicable for time being in force and any amendment, re-amendment or re-enactment thereas.

5. Duties of Chief Investor Relations Officer:

The CIO shall be responsible to;

- (i) Oversee the Compliance of this policy.
- (ii) To co-ordinate with and disclose the relevant facts of the incident of actual or suspected leak of UPSI to the Inquiry committee.
- (iii) Intimate the incident of actual or suspected leak of UPSI to the Stock Exchanges.
- (iv) Report the incident of actual or suspected leak of UPSI to the Securities and Exchange Board of India.

6. Disclosure of actual or suspected leak of UPSI to Stock Exchanges & SEBI:

On becoming aware of actual or suspected leak of Unpublished Price Sensitive Information of the Company, the CIO shall ensure that the same shall be promptly intimated to the Stock Exchanges on which the securities of the Company are listed.

7. Report of actual or suspected leak of UPSI to SEBI:

On becoming aware of actual or suspected leak of Unpublished Price Sensitive Information of the Company, the CIO shall ensure that a report on such actual or suspect leak of UPSI, preliminary inquiry thereon and results thereof shall be promptly informed to SEBI.

8. Constitution of Inquiry Committee:

In case of actual or suspected leak of UPSI, a Committee shall be constituted by the Board of Directors or by the Management Committee of Directors of the Board or of such person(s) as may be of the authorized by the Board or Management Committee of Directors in this behalf, to be called as "Inquiry Committee" to perform such duties as may be prescribed by this Code or by any other applicable law for the time being in force.

The Inquiry Committee shall consist of minimum 3 (three) Members which shall include Wholetime Director, Chief Financial Officer and Chief Investor Relation Officer and / or any other officer(s) of the Company as the Board of Directors or the Management Committee of Directors, may deem fit.

The Management Committee of Directors may change/alter/reconstitute the Inquiry Committee as may be required form time to time.

9. Duties of Inquiry Committee:

The Inquiry Committee shall be responsible :-

- (a) To conduct a preliminary inquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any;
- (b) To authorize any person, if required, to collect necessary support material;
- (c) To consider the facts and circumstances and decide / direct on the matter;
- (d) To decide disciplinary action thereon.

10. Procedure for inquiry in case of leak of UPSI:

The Inquiry Committee shall *suo-motu* becoming aware or otherwise, of actual or suspected leak of Unpublished Price Sensitive Information of the Company by any Promoter, Director, Key Managerial Person, Insider, Employee, Designated Person, Support Staff or any other known or unknown person, shall follow the below mentioned procedure in order to inquire and/or otherwise investigate the matter.

(a) To take Cognizance of the matter:

The Inquiry Committee shall meet within a period of 2 (two) working days after receipt of the information of actual or suspected leak of Unpublished Price Sensitive Information and take cognizance of the matter and decide as follows.

- i) If it is found that the allegation is frivolous, not maintainable or outside the scope, the same may be dismissed.
- ii) If it is found that the issue requires further investigation, Preliminary Inquiry may be initiated.

(b) Preliminary Inquiry:

Preliminary Inquiry is a fact-finding exercise which shall be conducted by the Chief Investor Relation Officer. The object of preliminary inquiry is to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to embark any disciplinary action.

The Inquiry Committee, if required and in addition to Chief Investor Relation Officer may also appoint and / or authorize any person(s), as it may deem fit, to initiate/conduct an inquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI.

(c) Report of Preliminary Inquiry to the Inquiry Committee:

The Chief Investor Relation Officer or Person(s) appointed/authorized to inquire the matter of actual or suspected leak of UPSI shall submit his/her report to the inquiry Committee within 7 days from the date of his/ her appointment on this behalf.

(d) Disciplinary Action:

The Disciplinary Action(s) shall include, wage freeze, suspension, recovery, claw back, termination etc., as may be decided by the Members of the inquiry Committee, in addition to the action to be initiated by SEBI, if any.

11. Amendment

This Policy may be reviewed and amended by the Board of Directors of the Company or its authorised Committee, from time to time.

Any amendment or modification in the applicable provisions of the Companies Act, 2013, the Rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and/or any other applicable laws shall automatically apply to this Policy from the effective date of such amendment, notwithstanding the fact that the same may not have been expressly incorporated herein.

Such statutory amendments shall be placed before the Board of Directors or its authorised Committee for noting at its meeting.

The Board of Directors or its authorised Committee shall have the right to amend, modify or withdraw this Policy, in whole or in part, at any time.
