

SHREE HARI CHEMICALS EXPORT LIMITED

POLICY FOR INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION

[Under Regulation 9A of Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015]

1. Background

Regulation 9A (5) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (“**SEBI PIT Regulations**”) mandates every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information and initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information and inform SEBI promptly of such leaks, inquiries and results of such inquiries.

2. Applicability

This Policy shall be applicable with effect from April 1, 2019.

3. 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.

4. Definitions

The definitions of some of the key terms used in the Policy are given below. Capitalised terms are not defined herein shall have the meaning assigned to them under the Code/SEBI PIT Regulations.

“**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Companies in accordance with Section 177 of the Companies Act, 2013.

“**Code**” means the Company Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

“**Compliance Officer**” means the person as defined in Code.

“**Leak of UPSI**” means imparting, exchanging, communication of information which is/deemed to be UPSI, by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except for legitimate purposes, performance of duties or discharge of legal obligations.

“**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.

"Unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon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: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel;
- (vi) such other information as determined by the Board of Directors/Chief Executive Officer/Chief Operating Officer/Chief Financial Officer from time to time. (Regulation 2(1)(n))

"Working days" means working days of the Company

5. Procedure for inquiry in case of Leak or suspected Leak of UPSI

a) Source of information relating to leak of UPSI

The Compliance Officer/Chairman of Audit Committee may 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.

b) Preliminary Inquiry:

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 initiate further investigation/inquiry.

The Compliance Officer/Chairman of Audit Committee shall forthwith forward such intimation to CEO and/or CFO to conduct a preliminary inquiry headed by Head of Legal. The said inquiry shall be completed within 2 working days from the date of receipt of such intimation and report thereof shall be circulated to the Chairman of Audit Committee/CEO/CFO and Compliance Officer.

c) Intimation of Leak or suspected Leak of UPSI

In respect of leak of UPSI or suspected leak of UPSI, the course of action or inquiry shall be determined by the Audit committee on case to case basis.

If in the opinion of Chairman of Audit Committee/CEO/CFO and Compliance Officer, the preliminary inquiry report warrants further investigation, the same shall be submitted to:

- The Board of Directors

- Inquiry Committee for detailed investigation

The Compliance Officer shall simultaneously intimate SEBI about such Leak or suspected Leak of UPSI.

d) Inquiry Committee

Inquiry Committee shall consist of the following persons or any person nominated by such officers from their department-

- Chief Financial Officer
- Head of Legal
- Head of Information Security
- Head of Human Resources
- Any other person nominated by Chief Executive Officer/Managing Director

If any member of Inquiry Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and other members of Inquiry Committee should deal with the matter on hand.

e) Investigation by Inquiry Committee

Upon receipt of the report of the preliminary inquiry and all other supporting documents, the Inquiry Committee is required to initiate the investigation. The said investigation shall be completed within 7 working days from the date of receipt of report of the preliminary inquiry. The Inquiry Committee's investigation report shall be submitted to the Board of Directors immediately, and such report shall also be submitted to SEBI simultaneously.

6. Powers of the Inquiry Committee

For purpose of conducting inquiry, the Inquiry Committee may:

- a) call upon
 - such employees/individuals to seek clarification or information pertaining to the leak.
 - persons / members of committees involved in generation of the original data for purpose of determination of key figures pertaining to financial figures.
 - persons involved in the consolidation of the figures for the financial results.
 - persons involved in the preparation of board notes and presentations.
 - persons involved in dissemination of information relating to financial results in the public domain.
 - any other persons who had access to the information.
 - any market intermediaries and other person/ entities who have access to UPSI for inquiry conducted for leak of such UPSI.
- b) at its discretion, invite external investigators/experts/ agencies for conducting detailed inquiry.
- c) 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.
- d) keep the identity of the Subject confidential till the completion of inquiry unless it is essentially required for the purpose of investigation.

- e) notify the Subject of the allegations at the outset of internal investigation and provide him opportunity to represent his case and submit evidence.
- f) do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

7. Rights and Obligations of the Subject

- a) The Subject shall-
 - co-operate with the Inquiry Committee during the investigation process.
 - 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 Subjects.
- 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.

8. Consequences of non-compliance

- a) The Subject, who acts in contravention of this Policy, shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery, clawback, ineligibility for future participation in the Company's stock option plans or termination, as may be decided by the Board of Directors or Audit Committee or any other person authorised by the Board.
- b) SEBI or any other appropriate regulatory authority would also be informed of such violation who may take appropriate action against the Subject.

9. Guidelines for preventing the leak of UPSI:

- a) Separate secure work space for teams working on financial related information or any other UPSI.
- b) Ensure that a confidentiality notice is given to the persons having access to UPSI, to maintain confidentiality of UPSI while sharing information for legitimate purpose and a digital database be maintained in respect of persons with whom data of UPSI is shared for legitimate purposes.
- c) Sharing of information only on a 'need to know basis'.
- d) Background check of persons dealing with UPSI.
- e) Zero tolerance to non-compliance and reporting incidents of any breach.

- 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 of sensitive data over Internet or Public Online Storage Space.
 - encryption and password protect the sensitive files.
 - ensure physical securities and encryption of data stored on computers.
 - strengthen the procedures of data and data holding asset in storage and physical transit through use of offline and online encryption methods.
 - controls around sharing of information in physical or electronic form.
 - use of data analytics and artificial intelligence.