

# SMS LIFESCIENCES INDIA LIMITED

[Policy and procedures for inquiry in case of leak of UPSI]

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## INTRODUCTION

The Securities and Exchange Board of India (the “SEBI”) is a body established under the Securities and Exchange Board of India Act, 1992, as amended (the “SEBI Act”) to regulate the securities market in India. Sections 12A (d) and (e) of the SEBI Act, prohibit persons from directly or indirectly engaging in insider trading or dealing in securities while in possession of material or non-public information, or communicating such material or nonpublic information to any person, in any manner which is in contravention of the SEBI Act or the regulations made thereunder.

Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, mandates every company with listed securities to formulate a written policy and procedures for inquiry in case of Leak (defined below) of Unpublished Price Sensitive Information (“UPSI”) and initiate appropriate inquiries on becoming aware of such Leak.

Accordingly, SMS Lifesciences India Limited (the “Company”) has formulated this Policy and procedures for inquiry in case of leak of UPSI (the “Policy”) in order to:

- ✦ strengthen the internal control system to prevent the Leak of UPSI.
- ✦ restrict and prohibit unauthorized access to UPSI originating from within the Company.
- ✦ have a uniform code to curb the unauthorized sharing of UPSI.
- ✦ have a mechanism to initiate inquiries in case of Leak / Suspected Leak of UPSI and promptly take all actions as may be necessary under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

This Policy shall be available at the website of the Company at <https://www.smslife.in/policies.php>

## DEFINITIONS

In this Code, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meaning assigned to them, as under:

✚ **“Connected Persons”** means

- any person who is, or has, during the six months prior to the concerned act been associated with a company, directly or indirectly. Such association may be in any capacity including (i) frequent communication with its officers, (ii) any contractual, fiduciary or employment relationship, (iii) director, officer or an employee of the Company, (iv) holding any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows him/her, directly or indirectly, access to UPSI or is reasonably expected to allow such access.
- the term “Connected Person” shall be deemed to include the following, unless the contrary is established:
  - ✓ Immediate Relatives” of the Connected Person;
  - ✓ holding company or associate company or subsidiary company;
  - ✓ an Intermediary or any of their employees or directors;
  - ✓ investment company, trustee company, Asset Management Company (“AMC”) or its employees or directors;
  - ✓ an official of a stock exchange or of clearing house or corporation;
  - ✓ a member of the, (i) board of trustees of a mutual fund, (ii) board of directors of an AMC of a mutual fund, or (iii) an employee of a mutual fund;
  - ✓ a member of the board of directors or an employee, of a public financial institution as defined under the Companies Act, 2013;
  - ✓ an official or an employee of a self-regulatory organization recognized by SEBI;
  - ✓ a banker of the Company; and
  - ✓ a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a Company or his Immediate Relative or banker of the Company, has more than 10% of the holding or interest.

- ✚ **“Designated Person(s)”** has the meaning ascribed to the term in the Company’s “code of conduct as a company with listed securities to regulate, monitor and report trading by designated persons.
- ✚ **“Inquiry Committee”** means the committee set up in terms hereof to conduct the inquiry against any case of Leak or Suspected Leak of UPSI.
- ✚ **“Insider”** means any person who is:
  - a Connected Person; or
  - in possession of or having access to Unpublished Price Sensitive Information.
- ✚ **“Leak of UPSI”** (“Suspected Leak” shall be construed accordingly) means the communication of information which is, or is deemed to be UPSI, by any person, who is in possession of such UPSI, to any other person, directly or indirectly, overtly or covertly or in any manner whatsoever, except for legitimate purposes for performance of duties or discharge of legal obligations.
- ✚ **“Suspect”** 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 in this Policy but defined in the Code of Conduct for Prevention of Insider Trading and/or SEBI (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time shall have the same meaning.

#### **PROCEDURE FOR INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF UPSI**

The chairman of the Audit Committee may: on becoming aware of any Leak or Suspected Leak of UPSI detected through the internal controls implemented by the Company; or on receipt of a written intimation of Leak or Suspected Leak of UPSI by a Suspect, an Insider, employee or Designated Person (including their Immediate Relative); or on being made aware by the Compliance Officer or by a whistleblower in terms of the whistle blower policy of the Company or by an external source such as SEBI, the stock exchanges, the Registrar and Share Transfer Agent, Depository, Regional Director, Registrar of Companies or any other regulatory / statutory authority or any other department of Central or State Government, shall follow the below-mentioned procedure for inquiry and/ or investigation of the matter:

#### **Preliminary Inquiry**

The object of a preliminary inquiry is (a) fact-finding, (b) to ascertain the veracity of the allegations, (c) to collect necessary material in support of the allegations, and (d) thereafter, to decide whether there is justification to initiate further investigation/ inquiry.

The chairman of the Audit Committee shall forthwith forward such intimation to the Managing Director ("MD") and/ or Chief Financial Officer ("CFO"), to conduct a preliminary inquiry.

The said inquiry shall be completed within 5 working days from the date of receipt of such intimation, and report thereof shall be circulated to the Chairman of the Audit Committee.

#### **Intimation of Leak or suspected Leak of UPSI**

If, in the opinion of the chairman of the Audit Committee, the preliminary inquiry report warrants further investigation, the same shall be submitted to:

- the Board of Directors of the Company; and
- the Inquiry Committee for a detailed investigation.

The Compliance Officer shall simultaneously intimate the SEBI and/or the stock exchanges about such Leak or suspected Leak of UPSI.

#### **Inquiry Committee**

The Inquiry Committee shall consist of the following persons, or any person nominated by the Chairman of the Audit Committee:

- Managing Director / Executive Director
- Chief Financial Officer;
- Company Secretary;
- HR manager;
- Any other person(s) nominated by Managing Director / Executive Director.

If any member of the Inquiry Committee has a conflict of interest in any given case, then he/ she should not participate in the meeting.

### **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 a detailed investigation. The said investigation shall be completed within 30 working days from the date of receipt of report of the preliminary inquiry.

The Inquiry Committee's investigation report, including its recommendation of any disciplinary or other actions as may be necessary, shall be submitted to the Audit Committee and a summary report shall be submitted to the Company's Board and also to the SEBI.

### **Powers of the inquiry committee**

For purposes of conducting inquiry, the Inquiry Committee may:

- **call upon:**
  - ✓ such Suspect to seek clarification(s) or information pertaining to the alleged Leak of UPSI or Suspected 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 notes for the Board and presentations;
  - ✓ persons in charge/ involved in dissemination of the relevant information in the public domain;
  - ✓ any market intermediaries, fiduciaries and any other person / entities who have/ may have had access to the UPSI allegedly, or suspected to be, leaked.
  
- at its discretion, invite external investigators/ experts;
- take necessary actions (including sending the Suspect on leave, restricting physical access to the office premise, freezing access to systems, electronic devices, emails, etc.), during the pendency of the investigations, to ensure fair conduct of the proceedings;
- keep the identity of the Suspect confidential till the completion of inquiry, unless it is essential to disclose the name for the purpose of investigation;
- notify the Suspect of the allegations at the outset of internal investigation and provide him an opportunity to represent his case and submit evidence;
- do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

#### **Rights and obligations of the Suspect**

- The Suspect shall:
  - ✓ co-operate with the Inquiry Committee during the investigation process;
  - ✓ have the right to consult with a person or persons of his/ her choice, other than members of the Inquiry Committee; and
  - ✓ have the right to be informed of the outcome of the investigation.
  
- The Suspect(s) shall not 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 Suspects.
- Unless there are compelling reasons not to do so, Suspects will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrongdoing against a Suspect shall be considered as maintainable unless there is evidence in support of the allegation.

#### **Consequences of non-compliance with the policy**

- On receipt of the report of the Inquiry Committee, the Compliance Officer shall forthwith forward such report to the Audit Committee.
- In case of finding of any wrongdoing/ non-compliance with the Policy, any disciplinary action against the Suspect(s) may be taken within 30 working days from receipt of the investigation report by the Audit Committee, in consultation with the Board of Directors or any other person authorised by the Board.
- A penalty of up to ₹25,000 (which excludes fines that may be levied by SEBI, for violation of applicable laws/ regulations), may be levied by the Company at its discretion, for each violation of the Policy.
- Any disciplinary action by the Company does not preclude the SEBI or any other regulatory authority, or any court, from initiating action against such Suspect(s), in the event of a violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015, and/ or this Policy, the Company shall promptly inform SEBI and/or the stock exchanges.

#### **Duties of the Compliance Officer**

- Oversee the compliance with the Policy.
- To co-ordinate with and disclose the relevant facts of the incident of actual or suspected Leak of UPSI to the Inquiry Committee.
- Report any incidents of Leak of UPSI to the SEBI, and/ or the stock exchanges.

#### **Documentation and Reporting**

The Inquiry Committee shall prepare a detailed written report of investigation of each instance of Leak or Suspected Leak of UPSI. The report shall include:

- Facts of the matter;
- Findings of the investigation;
- Disciplinary/other action(s) to be taken against any person; and
- Any corrective actions required to be taken.

The details of the inquiries made in these cases and results of such inquiries shall be informed to the Audit Committee and the Board of Directors of the Company. Further, the Company shall inform the SEBI promptly of such leaks, inquiries and results of such inquiries.

#### **Report of actual or Suspected Leak of UPSI to SEBI**

The Compliance Officer shall ensure that on becoming aware of an actual or Suspected Leak of UPSI of the Company, the report on such actual or Suspected Leak of UPSI, preliminary enquiry thereon and results thereof shall be promptly made to the SEBI in the format as set out in "Annexure I" to this Policy.

#### **Review and changes**

The Audit Committee shall review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal controls are adequate and are operating effectively.

## AMENDMENT

The Board of Directors of the Company, subject to applicable laws, rules & regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire Policy with a new Polciy. In any circumstance where the terms of this Code differs from any law, rule, regulation, etc. for the time being in force, the law, rule, regulation, etc. shall take precedence over this Code.

This Code 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(s) or re-enactment thereto.

This Policy was originally adopted on 14<sup>th</sup> February, 2019 and  
Subsequently, reviewed and modified in the Board meeting held on 29<sup>th</sup> May, 2023.

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**THIS POLICY IS INTENDED TO BE IN CONFORMITY WITH THE INSIDER TRADING REGULATIONS AS ON THE DATE OF ITS ADOPTION. HOWEVER, IF DUE TO SUBSEQUENT MODIFICATIONS IN THE INSIDER TRADING REGULATIONS OR ANY OTHER APPLICABLE LAW, A PROVISION OF THE POLICY OR ANY PART THEREOF BECOMES INCONSISTENT WITH THE INSIDER TRADING REGULATIONS, THE PROVISIONS OF THE INSIDER TRADING REGULATIONS AS MODIFIED SHALL PREVAIL**



**FORMAT FOR REPORTING ACTUAL OR SUSPECTED LEAK OF UPSI TO THE SEBI PURSUANT TO REGULATION 9A(5) OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

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To,

**The Securities and Exchange Board of India**

Plot No. C 4-A, G Block, Near Bank of India,

Bandra Kurla Complex,

Bandra East, Mumbai – 400 051, Maharashtra

Dear Madam/Sir,

**Sub: Report of actual or suspected leak of UPSI pursuant to regulation 9A(5) of SEBI (Prohibition of Insider Trading) Regulation, 2015.**

Pursuant to Regulation 9A(5) of SEBI (Prohibition of Insider Trading) Regulation, 2015, we are reporting actual or suspected leak of Unpublished Price Sensitive Information (UPSI), as follows:

<b>Name of Suspect, if known</b>	:
<b>Name of Organization</b>	:
<b>Designation (Employee, Insider, Designated Person or any other)</b>	:
<b>Whether any action initiated by the Company. If yes, narration of the same</b>	:
<b>Decision of the Inquiry Committee</b>	:
<b>Disciplinary Action Taken by the Company</b>	:
<b>Any other relevant information</b>	:

Request you to kindly take the aforementioned on your records.

For SMS Lifesciences India Limited

**Compliance Officer**