



***SHAHLON SILK INDUSTRIES LIMITED
(CIN: L17120GJ2008PLC053464)***

***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UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)***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]

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BACKGROUND

The SEBI (Prohibition of Insider Trading) Regulations, 2015 including any amendment thereof, mandates every listed company to formulate a written **policy and procedures for inquiry in case of leak of unpublished price sensitive information** and initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

In this regard, Board of Directors of the Shahlon Silk Industries Limited (the 'Company') has laid down and approved this policy for procedure of inquiry in case of leak of Unpublished Price Sensitive Information ('the policy'), for adoption.

I. 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 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.
- 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 inform the same to the Securities and Exchange Board of India ("SEBI") promptly.
- v. To penalize any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy.

II. SCOPE

The Company endeavours to preserve the confidentiality of unpublished price sensitive information ("UPSI") and to prevent misuse of such information. The Company strives to restrict and prohibit the practice of sharing of UPSI which originates from within the Company by promoter, director, key managerial personnel, insider, employee, designated person or any other known or unknown person(s) with an un-authorized person which affects the market price of the Company as well as causes loss of reputation and investors' / financiers' confidence in the Company.

III. DEFINITIONS:

- i. **Chief Investor Relation Officer ("CIO"):** shall mean the Compliance Officer of the Company appointed by the Board of Director under Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- ii. **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 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 and any amendment, re-amendment or re-enactment thereto.
- iii. **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 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;
 - a) Periodical financial results of the Company;
 - b) Intended declaration of dividends (Interim and Final);
 - c) Change in capital structure i.e. Issue of securities, buy - back of securities or any forfeiture of shares or change in market lot of the Company's shares;
 - d) Mergers, De-mergers, Amalgamation, Acquisitions, De-listing of Securities, Scheme of Arrangement or Takeover, disposals, spin off or selling division of whole or substantially whole of the undertaking and expansion 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;
 - m) Any other matter as may be prescribed under the Listing Regulations and/or Corporate Law to be price sensitive, from time to time.

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 (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 the Rules and Regulations made there under shall have the meanings respectively assigned to them in those legislation.

IV. DUTIES OF CHIEF INVESTOR RELATIONS OFFICER:

The CIO shall be responsible to;

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

V. DISCLOSURE OF ACTUAL OR SUSPECTED LEAK OF UPSI TO STOCK EXCHANGES:

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 in the format as set out in “**Annexure A**” to this policy.

VI. 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 enquiry thereon and results thereof shall be promptly made to the SEBI in the format as set out in “**Annexure B**” to this policy.

VII. CONSTITUTION OF ENQUIRY COMMITTEE:

The Board of Directors or any Committee authorized by them in this behalf shall constitute a committee to be called as “Enquiry Committee”.

The Enquiry Committee shall consist of minimum 3 (three) Members which shall include Managing Director, Chief Financial Officer and Chief Investor Relation Officer and any other officer of the Company as may be mutually decided by Managing Director, Chief Financial Officer and Chief Investor Relation Officer of the Company.

VIII. DUTIES OF ENQUIRY COMMITTEE:

The Enquiry Committee shall be responsible to

- (a) To conduct a preliminary enquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any; and
- (b) To authorize any person to collect necessary support material; and
- (c) To decide disciplinary action thereon.

IX. PROCEDURE FOR ENQUIRY IN CASE OF LEAK OF UPSI:

On becoming aware of sue moto 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 or any other known or un-known person, the CIO after informing the same to the Managing Director or Chief Financial Officer of the Company, shall follow the below mentioned procedure in order to enquire and/or investigate the matter to ensure.

- (a) **Preliminary Enquiry:** Preliminary enquiry is a fact-finding exercise. The object of preliminary enquiry 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 Enquiry Committee shall appoint and / or authorize any person(s), as it may deem fit, to initiate/conduct an enquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI.

- (b) **Report of Preliminary Enquiry to the Enquiry Committee:** The Person(s) appointed/authorized to enquire the matter of actual or suspected leak of UPSI submit his/her report to the Enquiry Committee within 7 days from the date of his appointment on this behalf.
- (c) **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 Committee

X. 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 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.

Annexure A
Format for Intimation of Actual or Suspected leak of UPSI to the
Stock Exchanges Pursuant to Regulation 30 of SEBI (Listing
Obligations and Disclosure Requirements) Regulation, 2015.

To,
Stock Exchanges

Dear Sir / Madam,

Sub: Intimation of actual or suspected leak of UPSI pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are reporting actual or suspected leak of Unpublished Price Sensitive Information (UPSI) of the Company, as follows;

Name of Offender, if known.	
Name of Organization.	
Designation (Employee, Insider, Designated Person or any other)	
Nature of Information	
Whether any action initiated by the Company. If yes, narration of the same	Yes/No

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For Shahlon Silk Industries Limited

Company Secretary & Compliance Officer

Annexure B
Format for Reporting Actual or Suspected leak of UPSI to the SEBI
Pursuant to Regulation 9A (5) of SEBI (Prohibition of Insider Trading)
Regulation, 2015

To,
Securities and Exchange Board of India

Dear Sir / Madam,

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) of the Company, as follows;

Name of Offender, if known.	
Name of Organization.	
Designation (Employee, Insider, Designated	
Nature of Information	
Whether any action initiated by the Company. If yes, narration of the same	Yes/No

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For Shahlon Silk Industries Limited

Company Secretary & Compliance Officer