



**Policy and Procedure for Inquiry in Case of Leak of Unpublished Price Sensitive Information or Suspected Leak of Unpublished Price Sensitive Information**

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### **I. Background**

Pursuant to Regulation 9A(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the “**Insider Trading Regulations**”), this policy has been formulated by SBFC Finance Limited (the “**Company**”) to establish the procedure for inquiry in case of a leak, or suspected leak, of UPSI (*as defined hereinafter*) (the “**Policy**”).

The Board of Directors of the Company (the “**Board**”) acknowledges the contours of an inquiry into any leak or suspected leak of UPSI would have to be customised according to the facts or circumstances of each case. Therefore, it is not possible to prescribe a standard operating procedure to be followed while conducting an inquiry into every case of a leak or suspected leak of UPSI. Further, the Board acknowledges the importance of keeping the procedure dynamic, to ensure that an inquiry appropriately covers all relevant aspects of a case.

In view of the above, this Policy sets out the broad principles to be followed for the purpose examining any leak or suspected leak of UPSI. The Policy has been approved by the Board of Directors in its meeting held on 13<sup>th</sup> February, 2023.

### **II. Definitions**

- (i) **Compliance Officer** means any senior officer, designated so and reporting to the Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Insider Trading Regulations, and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified in the Insider Trading Regulations under the overall supervision of the Board.

Explanation – For the purpose of this definition, “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e., balance sheet, profit and loss account, and statement of cash flows.

- (ii) **Incident** shall mean any incident of leak(s) or suspected leak(s) of UPSI.
- (iii) **Inquiry Committee** shall mean the committee constituted to investigate instances, allegations or suspicions of a leak of UPSI in accordance with the principles laid down in this Policy. Further, it shall comprise of Chief Financial Officer (CFO) and Company Secretary (CS) and / or such other members as the Managing Director may deem appropriate. The members of the Committee may elect one amongst themselves to be the Chairperson of the committee.
- (iv) **Stakeholders** shall include but not limited to all employees of the Company, statutory auditors, internal auditors and consultants.
- (v) **Stock Exchanges** shall mean the relevant stock exchanges where the securities of the Company are listed.
- (vi) **Unpublished Price Sensitive Information (“UPSI”)** shall mean any information, relating to the Company or its securities, directly or indirectly, that is not generally available and which upon becoming generally available, is likely to materially affect the price of the securities of the Company and shall, ordinarily including but not be restricted to, information relating to the following:

- a) financial results;
- b) dividends/ bonus;
- c) changes in capital structure;
- d) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such similar 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) 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;
- n) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- o) 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;
- p) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals;
- q) Other matters as may be prescribed by SEBI/considered by the Compliance Officer to be price sensitive from time to time.

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

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.

Words and phrases used in the Code and not defined hereinabove shall have the same meaning ascribed to such terms in the Act, the Insider Trading Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations notified thereunder. In case of any discrepancy between the Insider Trading Regulations and the terms defined herein, the meaning as ascribed to the term under the Insider Trading Regulations, shall prevail.

### III. Intimation to Stock Exchanges and SEBI

The Compliance Officer shall inform the Stock Exchanges and the Securities and Exchange Board of India (the "SEBI") about the Incident in the formats provided in **Annexure A** and **Annexure B** respectively.

### IV. Duties of Inquiry Committee

The Inquiry Committee shall be responsible for the following:

- Conducting an inquiry into any Incident to ascertain the materiality of the information and/or the complaint received in this regard. The Inquiry Committee can also take cognizance of any such matter *suo-moto*.
- The Inquiry Committee shall conduct an investigation and try to ascertain the truth of the allegations by collecting the documentary evidence as well as recording statements of witnesses including the complainant in accordance with the procedure set out below.
- The Inquiry Committee shall submit its observations to the Board.

### V. Procedure for Inquiry

- (i) Upon becoming aware of any leak/ allegation/ suspicion of an Incident pertaining to UPSI, including by way: (a) communication from regulatory authorities; (b) a written complaint or an e-mail from whistle-blower; or (c) internal monitoring mechanisms, the Inquiry Committee shall evaluate and determine if the matter merits inquiry. It is clarified that market rumours, inferences based on media reports or observations made by analysts etc. will not necessarily trigger a preliminary enquiry, and the Inquiry Committee shall have the discretion to decide if a preliminary enquiry is required to be undertaken in each case.
- (ii) In the event the Inquiry Committee decides that the matter warrants an inquiry, it shall undertake an initial assessment to analyse the accuracy of the allegation/ suspicion of the Incident by taking necessary steps, including the following:
  - assessing the source of the complaint/ allegation/ suspicion;
  - assessing the nature of the Incident in order to determine the scope of inquiry, the parties who had access to the UPSI and the manner in which it could have been leaked; and
  - conducting interviews with the complainant, in case his/ her identity is known, and other relevant persons.
- (iii) On the basis of the outcome of the initial assessment, the Inquiry Committee shall determine whether: (a) the alleged/ suspected Incident is frivolous, and requires no further action; or (b) the matter requires further diligence and inquiry. The Inquiry Committee will report its findings to the Board along with a summary of the procedures followed, its recommendations and the reasons therein. Based on the report, the Board shall discuss and decide if further inquiry is required in the matter.
- (iv) The Inquiry Committee shall conduct a detailed inquiry and take all necessary steps, including the following:
  - identifying the medium through which the leaked UPSI was disclosed/ communicated;
  - conducting a confidential investigation into the activities of the persons that handled or had the knowledge of the UPSI in question, in an un-intrusive manner, including by reviewing the relevant documents, audit trails, and by conducting interviews, if necessary;
  - appointing external advisors/ consultants/ professionals to assist the inquiry; and
  - re-assessing the internal controls and measures implemented by the Company for identifying deficiencies, if any, in such controls and measures, and recommending improvements to the same.

- (v) The Inquiry Committee will ensure that the details in relation to the inquiry, including the initial assessment, shall be shared within and outside the Company strictly on a 'need to know' basis. In cases where the inquiry has been initiated based on a complaint from a whistle-blower, the Inquiry Committee will keep the identity of the whistle-blower confidential.
- (vi) In the conduct of inquiry, the Inquiry Committee shall have due regard to the principles of natural justice, and will provide an opportunity of being heard and making submissions etc., to the persons against whom the allegations of the Incident have been levelled. The Inquiry Committee will be required to duly consider the same while arriving at its conclusions.
- (vii) Upon conclusion of the inquiry:
  - the Inquiry Committee shall intimate to the Managing Director who shall further intimate to Board of its findings, along with a summary of the procedures followed and the action taken;
  - if the Inquiry Committee is of the opinion that a leak has occurred and in the event the Inquiry Committee has identified the person(s) responsible for or involved in the leak, it will take appropriate action, take disciplinary and penal action and any other steps it deems fit and necessary such as dismissal, wage freeze, suspension, recovery and disqualification from future participation in the employee stock options scheme (if any) etc.; and
  - It is clarified that any action taken by the Securities and Exchange Board of India for violation of the Insider Trading Regulations and any other applicable laws shall not preclude the Inquiry Committee from taking any disciplinary, penal or other action.
- (viii) The Inquiry Committee shall strive to conclude the inquiry within thirty (30) days from its commencement and can be extended with the prior permission of the Board if the circumstances so warrant.
- (ix) The Company shall also inform the SEBI about the outcome of the inquiry and the steps taken in this regard.
- (x) All stakeholders shall co-operate with the investigation into an Incident. Failure to cooperate with the investigation shall attract disciplinary action.
- (xi) All the documentation in relation to the investigation shall be documented as per the applicable provisions of law in relation to retention of documents.

## VI. Complaint Mechanism

A person can report a leak or a suspected leak of UPSI to the following:

- (i) Chairman of the Audit Committee;
- (ii) Company Secretary of the Company at the registered office of the Company or [companysecretary@sbfc.com](mailto:companysecretary@sbfc.com)
- (iii) A person can also report:
  - a. By e-mail at [companysecretary@sbfc.com](mailto:companysecretary@sbfc.com)
  - b. By letter, marked "Private and Confidential" and to the Chief Financial Officer / Managing Director of the Company

## VII. General

In case of any subsequent changes in the provisions of the Insider Trading Regulations or any other applicable regulations ("Regulations") which render any of the clauses/ provisions in this Policy inconsistent with the Regulations, the provisions of the Regulations shall prevail.

Further, this Policy shall not in any way preclude any referrals, complaints, measures, actions, etc., which can be instituted or which are available under the existing Vigil Mechanism and Whistle-blower Policy of the Company.

#### **VIII. Amendments**

The Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the Insider Trading Regulations and the needs of the Company and remains effective.

**Annexure A**

To,

Date : [●]

National Stock Exchange Limited  
Exchange Plaza, C – 1, Block ‘G’  
Bandra Kurla Complex, Bandra East  
Mumbai – 400051

Or

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai -400001

Dear Sir/ Madam,

Scrip Code: [●].

**Sub.: Intimation of leak of or suspected leak of unpublished price sensitive information**

With reference to the captioned subject matter and pursuant to Regulation 9A(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, we wish to intimate the following:

Name of offender, if known	
Name of organisation	
Designation (Employee, Insider, Designated Person or any other)	
Nature of the information leaked or suspected to be leaked	
Medium of leak of information or suspected leak of information	
Whether any action initiated by the Company. If yes, narration of the same	
Any other information	

Request you to kindly take the same on record.

Thanking you,

**For and behalf of SBFC Finance Limited**

Name  
Designation

**Annexure B**

To,

Date : [●]

Securities and Exchange Board of India  
Plot No. C4-A, 'G' Block  
Bandra-Kurla Complex, Bandra (East)  
Mumbai – 400051

Dear Sir/ Madam,

Scrip Code: [●].

**Sub.: Intimation of leak of or suspected leak of unpublished price sensitive information**

With reference to the captioned subject matter and pursuant to Regulation 9A(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015, we wish to intimate the following:

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Medium of leak of information or suspected leak of information	
Whether any action initiated by the Company. If yes, narration of the same	
Any other information	

Request you to kindly take the same on record.

Thanking you,

**For and behalf of SBFC Finance Limited**

Name

Designation