

# SHALBY LIMITED

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Suspected Leak of Unpublished  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

**REGISTERED OFFICE**

**Shalby Limited**

Opposite Karnawati Club  
Sarkhej Gandhinagar Highway  
Near Prahlad Nagar Garden  
Ahmedabad – 380 015  
Gujarat, India

**CORPORATE OFFICE**

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Opposite Karnawati Club  
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## 1. Introduction

- (a) Pursuant to the amendments to the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 (“Regulations”), notified on December 31, 2018 (“Amendments”), the board of directors of Shalby Limited (the “Board”) is required to formulate a policy and lay down the detailed procedure for inquiry in case of leak, or suspected leak, of Unpublished Price Sensitive Information (the “Inquiry Policy”).
- (b) It is understood that an inquiry into any instance of leak or suspected leak of unpublished price sensitive information (UPSI) would necessarily have to be tailored to the specific facts and circumstances of each such instance. Consequently, it is not possible to prescribe a standard operating procedure that would strictly apply in every instance of an inquiry; in fact, flexibility of the inquiry process is critical to ensure that the investigation process appropriately examines all the aspects that may arise in different cases.
- (c) In view of the above, the Inquiry Policy sets out the broad principles that the Board will follow for the purposes of examining any case of leak or suspected leak of Unpublished Price Sensitive Information. It is clarified that while an inquiry in case of a leak, or suspected leak of Unpublished Price Sensitive Information may be undertaken through various modes, it shall adhere to the key standards set out below.

## 2. Objective

- a) To strengthen the internal control system to prevent leak of UPSI.
- b) 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.
- c) 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.
- d) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and to report the same to the Securities and Exchange Board of India (“SEBI”) promptly.
- e) 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.

## 3. Applicability:

The Provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 shall be applicable in this regard as amended from time to time. The revised framework is applicable with effect from January 17, 2023.

#### 4. Definitions:

- **Leak of Unpublished price sensitive information (“UPSI”)** shall mean communication of UPSI by an insider to any person except under the legitimate purpose or such other purposes as defined under SEBI (Prohibition of Insider Trading) Regulations, 2015 through any means, which shall include but not limited to communication of UPSI through social media platforms, Written/Verbal communication, etc.
- **“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.

All the terms referred hereunder shall have the same meaning as defined under **“Prevention of Insider Trading Policy”** of the Company, available on the website of the Company, i.e. <https://www.shalby.org/>

#### 5. Constitution of Inquiry committee (“IC”):

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

1. Chairman and Managing Director
2. President
3. Chief Financial Officer
4. Company Secretary
5. Chief Human Resources Officer

In case if member of the IC involves in leakage or suspected leakage or commits any other violation he/she shall recuse himself/herself from committee and the resultant vacancy shall be filled by the Board. Any person knows or is aware about leakage of UPSI or has knowledge/information about suspected leakage of UPSI, shall report immediately to the Inquiry Committee.

#### 6. Duties and Power of Inquiry Committee:

For purposes of conducting inquiry, the Inquiry Committee may:

1. 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; and
  - any market intermediaries, fiduciaries and any other person / entities who have/ may have had access to the UPSI allegedly, or suspected to be, leaked.

2. At its discretion, invite external investigators/ experts;
3. 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;
4. 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;
5. Notify the Suspect of the allegations at the outset of internal investigation and provide him an opportunity to represent his case and submit evidence; and
6. Do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

#### **7. Procedure for Inquiry in case of Leak of UPSI**

Any other person on becoming aware of any actual or suspected leak of UPSI through any means, shall inform the same to the IC. The IC on receipt of such information shall conduct inquiry as detailed below

##### **Preliminary Inquiry:**

The basic objective for carrying on the preliminary inquiry is to ascertain whether the information/allegation received is true or not. The Inquiry Committee shall also decide, whether the leaked information is of price sensitive in nature.

Based on the findings of the Preliminary inquiry the committee shall decide whether to proceed with the inquiry or not. The preliminary inquiry shall be completed within a period of two days from the date of receipt of information.

##### **Detailed Inquiry:**

The committee on being satisfied that the leak was in the nature of UPSI shall proceed to carry on a detailed inquiry.

- The committee shall send a written notice to the alleged insider who has leaked the UPSI and the same shall be sent through mail or shall be delivered by hand.
- The committee shall collect all available information and documents from the insider in relation to the leak of the UPSI.
- Based on the principals of natural justice the alleged insider shall be given an opportunity of personal hearing.
- The detailed inquiry shall be completed within a period of five days from the date of completion of preliminary inquiry

The committee on completion of the detailed inquiry shall submit a report to the board within a period of three days from the date of completion of detailed inquiry.

#### **8. Disciplinary Action:**

Board of Directors shall determine the quantum of punishment and other disciplinary action to be taken based on the recommendation made by IC.

The disciplinary action shall include wage freeze, suspension, recovery, claw back, termination or any other action as the Inquiry committee deems fit.

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

1. 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.
2. 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.
3. 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.

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

1. On receipt of the report of the Inquiry Committee, the Compliance Officer shall forthwith forward such report to the Audit Committee.
2. In case of finding of any wrongdoing/ non-compliance with the Policy, any disciplinary action against the Suspect(s) may be taken within 15 working days from receipt of investigation report by the Audit Committee, in consultation with the Board of Directors or any other person authorized by the Board.
3. The disciplinary action may include wage freeze, suspension, recovery, claw back, confiscation of device(s), ineligibility for future participation in the Company's stock option plans, or termination, as may be decided by the Audit Committee or the Board of Directors or any other person authorized by the Board.
4. A penalty of up to INR 1,00,000 (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.
5. 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 violation of the Insider Trading Regulations, and/ or this Policy. In case it is observed that there has been a violation of this Policy, the Company shall promptly inform SEBI and/or the stock exchanges

## **11. 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:

- a) Facts of the matter;
- b) Findings of the investigation;
- c) Disciplinary/other action(s) to be taken against any person; and
- d) 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.

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

The Compliance Officer shall ensure that on becoming aware of actual or Suspected Leak of UPSI of the Company, the 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 A**” to this Policy.

#### **13. Amendment**

The Board of Directors of the Company, in sync with 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**

A 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

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:

Name of Suspect, 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	
Decision of the Inquiry Committee	
Disciplinary Action Taken by the Company	
Any other relevant information	

Request you to kindly take the aforementioned on your records.

Thanking you,  
Yours faithfully,

**For Shalby Limited**

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**Compliance Officer**