



**DRC SYSTEMS INDIA LIMITED**

**[CIN: U72900GJ2012PLC070106]**

**POLICY FOR PROCEDURE OF INQUIRY IN CASE  
OF LEAK OF UNPUBLISHED PRICE SENSITIVE  
INFORMATION (“UPSI”)**

*[Under Regulation 9A of SEBI (Prohibition of Insider Trading)  
(Amendment) Regulations, 2018]*

## **1. PREFACE:**

The SEBI (Prohibition of Insider Trading) Regulations, 2015 (the 'Regulations') mandates every listed company to formulate a written policy and procedure for inquiry in case of leak of Unpublished Price Sensitive Information ('UPSI') or suspected leak of UPSI (the 'Policy') and initiate appropriate inquiries on becoming aware of leak or suspected leak of UPSI and inform the Securities Exchange Board of India (SEBI) and the Stock Exchanges promptly of such leaks, inquiries and results of such inquiries.

In this regard, Board of Directors of DRC Systems India Limited ("the Company") have laid down this policy for procedure of inquiry in case of leak of Unpublished Price Sensitive Information ('the policy'), for adoption.

## **2. APPLICABILITY:**

This Policy shall be applicable with effect from February 10, 2021.

## **3. PURPOSE OF THE POLICY:**

- 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(s) & 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.

## **4. SCOPE OF THE POLICY:**

The Company endeavors to preserve the confidentiality of un-published price sensitive information (UPSI) and to prevent misuse of such information. The Company shall strive to restrict and prohibit the practice of sharing of UPSI which originates from within the company by any promoter, director, key managerial person, Insider, employee, designated person, support staff or any other known or un-know person(s) with any 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.

## **5. DEFINITIONS:**

**"Audit Committee"** means a Committee constituted by the Board of Directors of the Company in accordance with guidelines of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Companies Act, 2013.

**“Board”** means the Board of Directors of the Company.

**“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

**“Designated Persons”** shall cover all employees whether contractual or otherwise, persons / entities stated under Regulation 9(4) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and other connected persons as defined under Regulation 2(d) of the SEBI (prohibition of Insider Trading) (Amendment) Regulations, 2018.

**“Leak of UPSI”** shall refer to such act / circumstance(s) by virtue of which an UPSI is made available or becomes available, by any means or mode to any person, association, body, firm, agency, society, entity or to a group thereof, whether registered or otherwise before its official publication or announcement or formal circulation in public domain and which shall also include any purported attempt thereof.

**“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.

**“Unpublished Price Sensitive Information” (“UPSI”)** 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, delisting, disposals and expansion of
- v. business and such other transactions; and
- vi. changes in key managerial personnel.

## **6. PROCEDURE FOR INQUIRY IN CASE OF LEAK OF UPSI:**

### **a. Source of information relating to leak of UPSI:**

The Chairman of Audit Committee or CIO may on becoming aware suo moto or on receipt of a written intimation of leak or suspected leak of UPSI from:

- the Suspect
- 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 fact-finding, 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 Chairman of Audit Committee or CIO shall forthwith forward such intimation to MD and/or CFO to conduct a preliminary inquiry. 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/MD/CFO and CIO.

**c. Intimation of Leak or suspected Leak of UPSI:**

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

- The Board of Directors
- Inquiry Committee for detailed investigation

The CIO 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
- Compliance Officer
- Head of Legal
- Head of Information Security
- Head of Human Resources
- Any other person nominated by 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 15 working days from the date of receipt of report of the preliminary inquiry. The Inquiry Committee's investigation report shall be submitted to the Audit Committee and summary report shall be submitted to Board immediately, and such report shall also be submitted to SEBI simultaneously.

f. Retaliation for reporting suspected violations is strictly prohibited under this policy.

g. Employee who reports any alleged violations of insider trading laws in accordance with the Informant mechanism introduced vide SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 dated 17 September 2019, will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination.

## **7. 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, fiduciaries 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.
- c. take necessary actions including sending the Suspect 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 Suspect confidential till the completion of inquiry unless it is essentially required for the purpose of investigation.
- e. notify the Suspect of the allegations at the outset of internal investigation and provide him / her 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.

## **8. DUTIES OF A COMPLIANCE OFFICER:**

The Compliance Officer shall be responsible for:

- (i) overseeing the Compliance of this Policy;
- (ii) informing the Board of Directors about any incident of the actual or suspected leak of UPSI;
- (iii) reporting the incident of the actual or suspected leak of UPSI to SEBI and Stock Exchanges and outcome of the preliminary and detailed inquiry.

#### **9. RIGHTS AND OBLIGATIONS OF THE SUSPECT:**

- a. The Suspect 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 Suspect(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 Suspects.
- c. Unless there are compelling reasons not to do so, Suspects will be given the opportunity to respond to material findings contained in investigation report. No allegation of wrongdoing against a Suspect shall be considered as maintainable unless there is good evidence in support of the allegation.

#### **10. CONSEQUENCES OF NON-COMPLIANCE:**

- a. On receipt of report of inquiry committee, the CIO shall forthwith forward such report to Audit Committee.
- b. The disciplinary action against Suspect 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 authorised by the Board.
- c. The disciplinary action 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 Audit Committee or the Board of Directors or any other person authorised by the Board.
- d. SEBI or any other appropriate regulatory authority would also be informed of such violation who may take appropriate action against the Suspect.

#### **10. AMENDMENT:**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision and also replace this Policy entirely with a new Policy.

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