POLICY AND PROCEDURE FOR ENQUIRY IN CASE OF LEAK/ SUSPECTED LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION

OF

SAEL INDUSTRIES LIMITED

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1. **Background**

(a) Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015, as amended ("**Insider Trading Regulations**"), the board of directors of SAEL Industries Limited (the "**Company**" and the board of directors of the Company, the "**Board**") is required to formulate a policy and lay down the procedure for enquiry in case of leak, or suspected leak, of Unpublished Price Sensitive Information (as defined below, and such policy, the "**Inquiry Policy**").

(b) The Board acknowledges that the contours of an enquiry into any leak or suspected leak of Unpublished Price Sensitive Information would have to be customised to the facts and circumstances of each such case and that accordingly, it is not viable to prescribe a standard operating procedure that would apply while enquiring into every instance of leak/ suspected leak of Unpublished Price Sensitive Information. It is important to keep the enquiry process dynamic, so as to ensure that it appropriately examines all relevant 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out the broad principles that the Board will follow for the purposes of examining any case of leak or suspected leak of Unpublished Price Sensitive Information. It is clarified that while an enquiry in case of a leak, or suspected leak of Unpublished Price Sensitive Information may be undertaken through various modes, it shall adhere to the key standards set out below.

(d) Accordingly, the Board has prescribed the following:

2. **Definitions**

(a) "**Enquiry Committee**" shall mean the enquiry committee constituted by the Board to investigate instances, allegations or suspicion of a Leak in accordance with the principles laid down in the Inquiry Policy.

(b) "**Leak**" shall mean dissemination of any Unpublished Price Sensitive Information by any Insider, employee, Designated Person, any Connected Person or any other person in possession of Unpublished Price Sensitive Information, to any person other than those persons authorized by the board of directors or the Compliance Officer to handle Unpublished Price Sensitive Information in accordance with the Insider Trading Regulations, and the term "**Leaked**" shall be construed accordingly.

(c) "**Unpublished Price Sensitive Information**"/ "**UPSI**" shall have the meaning as ascribed to it under the Policy for prevention of insider trading in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Capitalised terms used herein but not specifically defined shall have the meanings ascribed to them under the Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, as adopted by the Board of the Company.

3. **Scope**

The Policy shall be applicable to all the Insiders. The Committee shall implement the procedures under this Policy for initiating inquiry in case of leak or suspected leak of UPSI and inform SEBI and the Stock Exchanges promptly of such leaks, inquiries and outcome of such inquiries.

4. **Procedure for inquiry in case of a Leak/ suspected Leak**

(a) Upon becoming aware of any Leak or any allegations or suspicions of a Leak, including, by way of:

(i) communication received from regulatory authorities; or

(ii) a written complaint and/or email received from a whistle-blower; or

(iii) Company's own / internal monitoring, etc.

the Board shall, in consultation with CFO/the Compliance Officer evaluate and determine if the matter merits any enquiry or investigation. It is clarified that market rumours, inferences based on media reports, or observations made by analysts, etc. will not be the only determining factors for initiating a preliminary enquiry, and the Board shall, in consultation with CFO/the Compliance Officer, have the discretion to decide if a preliminary enquiry is required to be undertaken, in each such case.

(b) In the event the Board decides that the matter warrants an investigation, it shall promptly constitute an Enquiry Committee, comprising such persons as the Board deems fit, to undertake a fact finding exercise in the matter (the "**Enquiry**").

(c) As an initial step, the Enquiry Committee shall undertake a preliminary investigation and analyse the accuracy of the allegation/ suspicion of Leak ("**Initial Assessment**") by taking the necessary steps, such as:

(i) assessing the source and type of complaint/ allegation/ suspicion;

(ii) assessing the nature of Leak/ suspected Leak, in order to determine the scope of investigation, the parties who had access to the UPSI and the manner in which it could have been Leaked; and

(iii) conducting interviews with the complainant, in the event his/ her identity is known, and other relevant stakeholders, in connection with the matter.

(d) On the basis of the outcome of the Initial Assessment, the Enquiry Committee shall determine if:

(i) the allegation or suspicion is frivolous, and requires no further action; or

(ii) the matter requires further internal diligence and investigation.

The Enquiry Committee will report its findings to the Board along with a summary of the process followed, its recommendations and reasons thereof. Based on the report and recommendations of the Enquiry Committee, the Board shall discuss and decide if the matter requires to be investigated further.

(e) If the Board requires the Enquiry Committee to undertake a detailed investigation, the Enquiry Committee shall conduct the Enquiry and take all requisite steps, including but not limited to, the following:

(i) identifying the medium through which the leaked UPSI was disclosed /communicated;

(ii) conducting a confidential investigation into the activities of the persons that typically handled, or had knowledge of the UPSI in question, in an un-intrusive manner, including by reviewing the relevant documents, audit trails, and conducting interviews, where deemed necessary;

(iii) appointing external advisors/ professionals to assist in the conduct of Enquiry; and

(iv) 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.

(f) The Enquiry Committee will ensure that the details in relation the Enquiry, including the Initial Assessment, are shared within and outside the organization strictly on a "need to know" basis. In cases where the Enquiry has been initiated based on a complaint from a whistle-blower, the Enquiry Committee will keep the identity of the whistle-blower confidential.

(g) In the conduct of Enquiry, the Enquiry 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 allegations of Leak have been levelled. The Enquiry Committee will be required to consider the same while arriving at its conclusions.

(h) Once the Enquiry is concluded:

(i) the Enquiry Committee will intimate the Board of its findings, along with a summary of the process followed while conducting the investigation;

(ii) if the Inquiry Committee is of the opinion that a Leak has occurred, and in the event the Enquiry Committee has identified the person responsible for, or involved in the Leak, it will make appropriate recommendations to the Board for the actions to be taken in that regard, including 'disciplinary action' such as dismissal, wage freeze, suspension, recovery, clawback and ineligibility for future participation in employee stock option plans, etc.;

(iii) the Board shall, as appropriate and suggested by the Enquiry Committee, take disciplinary and penal action and any other steps it deems necessary, against the persons identified as being responsible for, or involved in, the Leak. It is clarified that any action taken by the Securities and Exchange Board of India (the "**SEBI**") for violation of the Insider Trading Regulations and any other applicable law shall not preclude the Board from taking any disciplinary action in accordance with the recommendations of the Enquiry Committee.

(iv) The Enquiry Committee shall strive to conclude the Enquiry within 90 working days from its commencement. It is clarified that the period for conclusion of the Enquiry may be extended with the prior permission of the Board, if the circumstances so require.

(i) The Board shall also inform SEBI of the outcome of the Enquiry and the steps taken by the Board in that regard.

The Inquiry 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.

5. **Amendment**

The Audit Committee, subject to applicable laws, rules and regulations, may amend / the Policy from time to time.