

POLICY FOR INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION

**[Under Regulation 9A of Securities and Exchange Board of India (Prevention of Insider
Trading) Regulations, 2015]**



1. Background

Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (“**SEBI PIT Regulations**”) mandates every listed company to formulate a written policy and procedures for inquiry in case of leak or suspected leak of unpublished price sensitive information (“**UPSI**”) and initiate appropriate action on becoming aware of leak or suspected leak of UPSI and inform Securities and Exchange Board of India (“**SEBI**”) promptly of such leaks, inquiries and results of such inquiries.

2. Scope

This Policy deals with:

- a) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and promptly inform the same to the SEBI.
- b) To strengthen the internal control system to prevent leak of UPSI.
- c) 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.
- d) To take disciplinary actions, if deemed fit against any Insider, Employee & Designated Person who appears to have found guilty of violating this policy, over and above the actions as may be initiated by SEBI.

3. Definitions

“**Company**” means Kitex Garments Limited.

“**Compliance Officer**” means the Company Secretary & Compliance Officer of the Company.

“**Leak of UPSI**” means communication of information which is/deemed to be UPSI by any person, who is in possession of UPSI, to any other person, directly or indirectly, overtly or covertly or in any manner whatsoever, except for legitimate purposes, performance of duties or discharge of legal obligations.

“**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.

"**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, delistings, disposals and expansion of business and such other transactions;

(v) changes in key managerial personnel;

(vi) such other information as may be specified by the Board of Directors for this purpose

“Whistle Blower” means an employee of a Company making a disclosure under the Whistle Blower Policy.

Words and expressions used and not defined in this Policy but defined under the Code, Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

4. Constitution of Inquiry Committee

In case of actual or suspected leak of UPSI, a Committee shall be constituted by the Board or by the Committee of the Board or of such person(s) as may be authorized by the Board or Committee in this behalf, to be called as “Inquiry Committee” to perform such duties as may be prescribed by any other applicable law for the time being in force.

The Board or Committee of the Board may change / alter / re-constitute the Inquiry Committee as may be required from time to time.

5. Duties of Inquiry Committee

The Inquiry Committee shall be responsible;

- a) To conduct an inquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any;
- b) To authorize any person, if required, to collect necessary support material;
- c) To consider the facts and circumstances and decide / direct on the matter;
- d) To decide disciplinary action thereon.

6. Procedure for inquiry in case of Leak or suspected Leak of UPSI

a) Source of information relating to leak of UPSI

Any member of the Inquiry Committee shall, 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 to establish prima facie case based on the information or complaint about leak or suspected leak of UPSI. The Inquiry Committee shall ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and collect necessary available material in support of the allegations, and thereafter decide whether there is justification to initiate further inquiry. In the event, the Inquiry Committee considers the complaint or information baseless or frivolous, it shall dismiss the Inquiry. The Compliance Officer shall intimate SEBI and the Stock Exchanges about such Leak or suspected Leak of UPSI.

c) Detailed Inquiry

If the prima facie is established, the Inquiry Committee shall proceed to conduct a detailed inquiry. The Inquiry Committee shall appoint and/ or authorise the Compliance Officer or any other person(s) as it may deem fit, to collect the relevant facts, materials and documents substantiating actual or suspected leak of UPSI. The Inquiry Committee shall complete the inquiry within 15 (fifteen) working days or period of time as reasonably deemed fit by the Inquiry Committee from the date of receipt of such intimation. The Inquiry Committee shall submit its decision thereof along with its recommendation of any disciplinary or other actions as may be necessary.

The Compliance Officer shall simultaneously intimate SEBI and the Stock Exchanges about such Leak or suspected Leak of UPSI.

d) Inquiry Committee

Inquiry Committee shall consist of the following person(s):

- Chief Financial Officer
- Compliance Officer
- Human Resource Officer and
- Any other person(s) nominated by the Committee

Inquiry Committee may seek advice of any other person as it may deem fit for completion of any inquiry. If any member of the Inquiry Committee has a conflict of interest in any given case, then he/she should recuse himself/herself, and other members of the Inquiry Committee shall deal with the matter.

7. Powers of Inquiry Committee

For the purpose of conducting an inquiry, the Inquiry Committee may:

- i. call upon
 - persons to seek clarification or information pertaining to the leak;
 - person(s) involved in originating, processing and dissemination of relevant information;

- person(s) who had access to the information;
 - any market intermediaries, fiduciaries and other person(s)/ entity(ies) who have access to UPSI.
- ii. At its discretion, invite external investigators / experts.
- iii. Take interim actions including sending the Suspect on leave, restrict physical access to any records or premises, freeze access to computer systems, electronic devices or emails, etc, during the pendency of the Inquiry.
- iv. To take disciplinary action thereon including the wage freeze, suspension, recovery, claw back, termination etc.
- v. Do all such acts, deeds, matters and things as are necessary for the purpose of the conduct of the Inquiry

8. Rights and Obligations of the Suspect

- i. The Suspect shall
 - Co-operate with the Inquiry Committee during the inquiry process.
 - Provide necessary clarification and material in his defence.
- ii. The Suspect has the responsibility to keep the inquiry proceedings confidential and not to interfere with the inquiry. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Suspect.
- iii. No allegation of wrongdoing against a Suspect shall be considered as maintainable unless there is evidence in support of the allegation as may be determined by the Inquiry Committee.
- iv. Be informed of the outcome of the Inquiry.

9. Amendment

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