



CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI)

Background

In pursuance to the Regulation 8(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time ("PIT Regulations"), it is required that the board of directors of every listed company shall formulate a code of practices and procedures for fair disclosure of unpublished price sensitive information ("the Code").

In this regard, Essen Speciality Films Limited ("ESFL") has laid down the following code:

Objective

The Code intends to formulate a defined framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for the Company's securities and to maintain the uniformity, transparency and fairness in dealings with all stakeholders and ensure adherence to applicable laws and regulations. The Company endeavours to preserve the confidentiality of Unpublished Price Sensitive Information and to prevent misuse of such information.

Unpublished Price Sensitive Information

Unpublished Price Sensitive Information ("UPSI") means any information, relating to a company or its securities, directly or indirectly, that is not generally available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 include but not restricted to, information relating to the following:

- (i) Periodic financial results of the Company;
- (ii) Intended declaration of dividends (Interim and Final);
- (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.

Chief Investor Relation Officer

- (i) The Chief Financial Officer of the Company or such other senior official nominated as such by the Company from time to time shall be the Chief Investor Relations Officer ("CIRO") for the purpose of the Code. The CIRO shall be responsible for dissemination of information and disclosure of UPSI and also responding to the queries on news reports and requests for verification of market rumours by regulatory authorities.

- (ii) In the temporary absence of the CIRO for any reason whatsoever, the Chairman of the Company shall nominate any other official of the Company to be responsible for dissemination of information and disclosure of UPSI.

General obligations for preservation and disclosure of UPSI

- (i) All UPSI shall be handled on a need to know basis and in accordance with the provisions of the PIT Regulations and any other applicable codes, policies and procedures of the Company.
- (ii) It is clarified that information to be termed UPSI should be specific and intended to be generally made available at a point of time to ensure it does not lead to creation of a false market in securities. For the purpose of disclosure, the CIRO may consult such officials within the Company to ensure the correctness and credibility of the UPSI. The CIRO shall authorise disclosure or dissemination of UPSI (1) by way of intimation to the stock exchanges, such that further disclosure can be made from the stock exchange websites; (2) on the official website to ensure official confirmation and documentation; and (3) in any other manner as may be decided by the CIRO to facilitate uniform and universal dissemination of UPSI.
- (iii) All communications of UPSI with the stock exchange shall be approved by the CIRO and communicated through appropriate personnel under his direction.
- (iv) The CIRO shall also be responsible for overseeing the contents of UPSI to be posted on the website of Company for the purposes of this Code and shall give appropriate directions for the publication of the same. No other person shall be authorised to post any UPSI in the absence of any directions from the CIRO.
- (v) Information disclosure/ dissemination should normally be approved in advance by the CIRO. If the information is accidentally disclosed without prior approval, the person responsible must inform the CIRO immediately, even if the information is not considered price sensitive and if required, the CIRO shall take all reasonable steps to rectify the same.

Sharing of information with analysts and research personnel

- (i) The Company shall ensure that any information shared with analysts and research personnel is not UPSI and is generally available. Alternatively, the information shared as above shall simultaneously be made public.
- (ii) The CIRO shall also develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.



Responding to Market Rumours

The CIRO shall ensure that appropriate and fair responses are provided to queries on news reports and requests for verification of market rumours by regulatory authorities. In case a query/request has been received from any stock exchange, a copy of such reply shall be sent to stock exchange also where securities of the Company are listed.

Disclosure

This Code and every amendment hereto will be promptly intimated to the stock exchange where the Company's securities are listed.

Policy Review and Amendments

The Board reserves the power to review and amend this Code from time to time. All provisions of this Code would be subject to revision/ amendment in accordance with applicable laws as may be issued by relevant statutory, governmental and regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.

Legitimate Purpose

The UPSI can be shared by an Insider for Legitimate purposes as per its "Policy for Determination of Legitimate Purposes" (Annexure A), provided that such sharing has not been carried out to evade or circumvent the prohibitions of PIT regulations.

Annexure A
Policy for Determination of Legitimate Purposes

Introduction

This “Policy for Determination of Legitimate Purposes” hereinafter referred to as the “Policy” is prepared in accordance with Regulation 3(2A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

Legitimate Purposes

Legitimate Purposes shall include sharing of UPSI in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of PIT regulations.

Objective

The objective of this policy is to identify ‘Legitimate Purposes’ for performance of duties or discharge of legal obligations, which will be considered as exception for procuring UPSI relating to the Company. The assessment of whether sharing of UPSI for a particular instance would tantamount to ‘legitimate purpose’ would depend on the specific facts and circumstances of each case. Accordingly, this Policy only sets out the principles that should be considered while assessing if the purpose for which UPSI is proposed to be shared is “legitimate”. Primarily, the following factors should be considered to determine the legitimate purpose:

- (i) whether sharing of such information is in the ordinary course of business of the Company;
- (ii) whether information is sought to be shared to evade or circumvent the prohibitions of the PIT Regulations;
- (iii) whether sharing the information is in the best interests of the Company or in furtherance of a genuine commercial purpose;
- (iv) whether the information is required to be shared for enabling the Company to discharge its legal and/or contractual obligations;
- (v) whether the nature of information being shared is commensurate to the purpose for which access is sought to be provided to the recipient.

It is clarified that in the event there exist multiple purposes for sharing UPSI, each purpose will be evaluated on its own merits, in line with the aforementioned principles.

Digital Database

A structured digital database shall be maintained containing the nature of UPSI and the names of such persons or entities with whom information is shared or who has shared such information along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. This digital database should be preserved for a period of not less than eight years after completion of the relevant transactions.

Restrictions on Communication and Trading by Insiders

The Company shall inform the recipient of UPSI, by way of written intimation and/or contractual agreement, such as confidentiality agreement, that (i) the information being shared is UPSI and that the Company is the exclusive owner of such UPSI; (ii) upon receipt of UPSI, the recipient would be deemed to be an Insider and subject to the provisions of the PIT Regulations, (iii) the recipient must maintain confidentiality of the UPSI at all times, (iv) the recipient may use the UPSI only for the approved purposes for which it was disclosed; (v) the recipient should provide a written undertaking that he/she/it shall not undertake trades in the securities of the Company while in possession of the UPSI; and (vi) the recipient must extend all co-operation to the Company, as may be required in this regard.

Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered an insider for purposes of PIT regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with PIT regulations.