

MOREPEN LABORATORIES LIMITED

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CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

1. Introduction

In pursuance to the regulation 8(1) of the Securities and Exchange Board of India (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board of directors of every listed company shall formulate a code of practices and procedures for fair disclosure of unpublished price sensitive information.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 board of directors of Morepen Laboratories Limited (“the company”) at its meeting held on 15th May 2015, had approved and adopted this code initially, to comply with the PIT Regulations and applicable circulars issued by the Securities and Exchange Board of India (“SEBI”).

2. Objective and scope

The objective of the code is to formulate a framework for fair disclosure of events and occurrences that could impact price discovery in the market for the company’s securities, including the unpublished price sensitive information, and to maintain the uniformity, transparency and fairness in dealings with all stakeholders and ensure adherence to applicable laws and regulations.

This code covers provisions and principles in relation to the following:

- General principles in relation to disclosure of unpublished price sensitive information and the valid methods and purposes of such disclosure;
- The roles and duties of the compliance officer and chief investor relations officer (as defined below) in relation to implementation of this code;
- Manner of responding to market rumours and news reports by the company;
- Manner of sharing information with research analysts and institutional investors;
- Sharing of information in furtherance of legitimate purposes.

This code shall be applicable to all designated persons including their immediate relatives.

3. Definitions

The definitions of some of the key terms used in this code are given below:

- (i) **“Board”** shall mean the Board of Directors of the Company.
- (ii) **“Code”** means this Code of practices and procedures for fair disclosure of unpublished price sensitive information.
- (iii) **“Immediate relative”** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;
- (iv) **“Stock Exchange”** shall mean a recognised stock exchange on which the securities of the company are listed.
- (v) **“Unpublished Price Sensitive Information”** or **“UPSI”** shall have the meaning given to such term in the PIT Regulations.

Words and expressions used and not defined in this code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013, including amendments thereof, and the rules and regulations made there under shall have the meanings respectively assigned to them in those legislation.

4. General principle in relation to disclosure and preservation of UPSI

- i. The Company shall promptly disclose UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- ii. UPSI shall be uniform and universally disseminated and due care will be taken to avoid selective disclosure.
- iii. In case if the UPSI that gets disclosed selectively, inadvertently or otherwise, prompt steps shall be taken to make such information generally available.
- iv. 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.
- v. 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.

5. Role of compliance officer and Chief Investor Relations Officer

- i. The Company has designated Mr. Ajay Kumar Sharma, Chief Financial Officer of the Company, as Compliance Officer who shall also be the Chief Investor Relations Officer (“CIRO”) for the purpose of this Code.
- ii. In the temporary absence of the CIRO for any reason whatsoever, the Chairman and Managing Director of the Company shall nominate any other official of the company to be responsible for dissemination of information and disclosure of UPSI.
- iii. 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; (2) on the official website of the company *i.e.* www.morepen.com; and (3) in any other manner as may be decided by the CIRO to facilitate uniform and universal dissemination of UPSI.
- vi. All communications of UPSI with the stock exchange shall be approved by the CIRO and communicated through appropriate personnel under his direction, subject to applicable laws.
- vii. 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.
- viii. 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, if the person failed to inform the CIRO or CIRO didn't take any steps after getting the information within 7 days from the date of disclosure or information then it shall be presumed that the CIRO shall have the knowledge of such information.
- ix. The CIRO shall strictly observe the timelines stipulated in terms of the SEBI regulatory framework with respect to prior intimations /notices /notifications and disclosures to ensure prompt disclosure of any UPSI that gets disclosed selectively/inadvertently

6. 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.

Upon the receipt of such questions or requests, the CIRO shall promptly consult the Chairman & Managing Director of the company and provide an appropriate and fair reply to the stock exchanges without delay.

7. 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.

The following guidelines shall be followed while dealing with analysts and institutional investors:

- a) Only public information is to be provided.
- b) The meetings with analysts, media persons and institutional investors, shall be attended by key managerial personnel and such other officer/person as may be required from company's side.
- c) Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

II. The CIRO shall 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 as per the applicable laws.

8. Legitimate purpose

The CIRO shall ensure that the UPSI shall be shared by an Insider for legitimate purposes as per **enclosed "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.

9. Disclosure

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

10. Amendments

The Board of Directors may amend this code from time to time to ensure compliance with applicable laws and regulations, including the PIT Regulations.

Effective from May 15, 2015
Latest amendment effective from April 01, 2019

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) Regulations, 2015.

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:

- a) Whether sharing of such information is in the ordinary course of business of the Company;
- b) Whether information is sought to be shared to evade or circumvent the prohibitions of the PIT Regulations;
- c) Whether sharing the information is in the best interests of the company or in furtherance of a genuine commercial purpose;
- d) Whether the information is required to be shared for enabling the company to discharge its legal and/or contractual obligations or performance of duties;
- e) 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 on the servers managed by the company with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

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 Insider Trading Regulations, (iii) the recipient must maintain confidentiality of the UPSI at all times, (iv) the recipient shall 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.

Definitions

“Legitimate Purposes” means sharing of UPSI in the ordinary course of business by an insider with the following, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations:

- I. Regulators
- II. Auditors, Accountancy firms, Legal advisors, Merchant Bankers, Consultants
- III. Collaborators
- IV. Lenders
- V. Customers
- VI. Suppliers
- VII. Any other advisors/consultants/partners

Any other person with whom UPSI is shared pursuant to a “legitimate purpose” shall be considered as an “insider” for purpose of PIT Regulations and due notice shall be given to such persons (insiders) to maintain confidentiality of such unpublished price sensitive information in compliance with PIT Regulations.