

## **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE**

### **1. Introduction**

The Board of Directors of SMS Pharmaceuticals Limited (**the “Company”**) has adopted following policy for fair disclosure of Unpublished Price Sensitive Information (**UPSI**) in line with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. Unless the context otherwise requires, words and expressions used in this Policy shall have the meanings respectively assigned to them in the SMS PHARMACEUTICALS LIMITED Code of Conduct for Prevention of Insider Trading. This Policy will be applicable to the Company.

### **2. Objective**

SMS Pharmaceuticals Limited being a publicly listed entity is obligated to comply with the disclosure requirements under the Listing Regulations and is committed to the premise that the all persons investing in the publicly traded securities have equal right to access information that may affect their investment decisions and believes that full and fair disclosure of material information to the public is the cornerstone to the integrity of the Capital Market.

The Company has framed a Code of Practices and Procedures for fair disclosure (**the “Policy”**) and this Policy is primarily intended to define a framework within SMS Pharmaceuticals Limited, for fair disclosures of all such material events and occurrences that could materially impact price of SMS Pharmaceuticals Limited shares in the market (**“UPSI” or “Material Information”**). The Policy is subject to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and shall be valid subject to the provisions of Listing Regulations and other applicable regulations on the subject matter to be disclosed.

### **3. Information Connected under this Policy**

This Policy covers “Unpublished Price Sensitive Information” as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015 subject to criteria determining price sensitivity and materiality thresholds as specified under this policy.

### **4. Basic Principles Regarding Fair Disclosures and Conduct**

The Policy aims to execute the following principles:

1. **Timeliness:** disclosure of material information promptly without delay in accordance with the Policy following the material events or occurrences that warrant disclosure.
2. **Transparency:** disclosure of material information with sufficient details that fosters investor confidence and aids the investors to vouch the integrity over the disclosures made by the Company.
3. **Fairness:** ensure wide dissemination of information avoiding selective disclosure.

4. **Confidentiality:** maintain confidentiality of unpublished price sensitive information and competitively sensitive information having due regard to the disclosure obligations.
5. **Need to Know Basis:** ensure that all the Unpublished Price Sensitive Information and competitively sensitive information are made available only on a need to know basis and provide guidance to the Connected Persons on the means to handle such information.
6. **Materiality:** ensures that all material information gets published or made generally available.

## 5. Policy

1. SMS Pharmaceuticals Limited is committed to fair and adequate disclosure of UPSI in order to provide equal access to the public to UPSI affecting the securities of the Company. It is the Policy of the Company to disclose material information affecting securities in accordance with the requirements of the law and ensuring parity between fairness, confidentiality and protecting Competitive sensitiveness.
2. The Policy extends to all the Connected Persons as per the SMS Pharmaceuticals Limited Code for prevention of Insider Trading and any Persons, including employees and persons in professional or business relationship with the Company, who is in the possession of any UPSI and who knows or should have knowledge of Corporate Disclosure Policy of Granules.
3. The Connected Persons and other Persons having access to UPSI should maintain the confidentiality of all such Information and shall not pass on the information to any person, directly or indirectly.
4. The Connected Persons should handle the Unpublished Price Sensitive Information (UPSI) on a 'need to know' basis, which means that it shall be disclosed only to those persons who need the information to discharge their duty or of legal obligations and under a Non-Disclosure Agreement, wherever required. Files containing UPSI should be kept secured to prevent access by other persons.
5. The UPSI shall be disclosed by the Connected Persons for legitimate purpose of the business of the Company. In determining if the disclosure is for a legitimate purpose, following principles should be considered:
  - a. There is a compelling reason to disclose an UPSI;
  - b. the Connected Person has obtained the knowledge of such UPSI on a need to know basis;
  - c. Such disclosure made is in furtherance of duties for which such Connected Person is employed and/or engaged;
  - d. The Connected Person has reasonably ensured that there are no possibilities of leak of UPSI whilst communicating such UPSI;
  - e. the disclosure of UPSI is in the furtherance of interest of the Company;

- f. the Connected Person making the disclosure has provided adequate notice of confidentiality to the recipient of UPSI and is reasonably assured that the recipient would not otherwise disclose the UPSI;
  - g. the UPSI being disclosed is not a false or misleading information and is not shared with an illegitimate intent to make any undue profit / gain or advantage;
- 6. The Company has designated the Compliance officer to oversee corporate disclosures and responsible for the following:
  - a. Ensuring compliance with the Policy and taking corrective actions for violations of the Policy;
  - b. Review of disclosure process and controls and making necessary changes as and when required;
  - c. Provide adequate training to the employees on handling of Unpublished Price Sensitive Information
  - d. Determining whether any information is material, including if there have been material changes since the last disclosure, and determining time and adequacy of disclosures to be made if such information is material.
- 7. Where it is decided not to disclose any unpublished price sensitive information as the same is immaterial, Compliance officer shall record the fact of such immateriality, and the reasons for not reporting such event to the Stock Exchanges.
- 8. Where it is decided to disclose an information under this policy, the following shall also be determined:
  - a. Appropriate time of reporting of such event/transaction;
  - b. details to be filed with the Stock Exchanges in relation to such event/transaction, considering the interest of Company and interest of Investors.
  - c. Whether such information is required to be hosted on the website of the Company or not.
- 9. Selective disclosure is not permitted for any material information. A selective disclosure shall deem to occur when such material information is communicated to particular persons such as Analysts, Institutional Investors, Investment Advisors and other third parties. However, such restrictions shall not be applicable to disclosures made under a Non-Disclosure Agreement and on a need to know basis.
- 10. Where any undisclosed Material Information is found to be selectively disclosed and is a subject matter of rumour in the market with respect to such information, the Compliance

officer in consultation with Chairman and Managing Director shall, subject to the other provisions of the Policy, arrange to provide a clarification on such material information to the Stock Exchanges where the shares of the Company are listed.

11. Authorized Spokespersons i.e., Chairman and Managing Director of the Company or any person authorized by him are permitted to meet with and discuss with analysts and other market participants but care must be taken to ensure that no UPSI that has not been previously disclosed, including information in the form of guidance on financial performance relative to street's expectations, is communicated. If any Material Information is inadvertently communicated on a selective basis, an immediate news release containing such information will be issued.
12. The following measures should be observed while making communication with Analysts, Investors and Media:
  - a. The spokesperson should desist from disclosing any material information which is not available to the Public.
  - b. In the event any UPSI is proposed to be disclosed to Press, Analysts, Investors or Media, the Stock Exchanges should be informed prior to such disclosure.
  - c. The Company will observe a quiet period prior to release of quarterly results. During such period the company will not conduct meeting with analyst and investors. The quiet period shall be the period when Trading window is closed.
  - d. The Company should provide prior notice of the Investors earning call by announcing date, time and information and how the parties can participate in the Investor's earning call. The materials used for the Investor call shall be posted on the website of the Company after release of the results or UPSI has been made public, as the case may be.
  - e. The transcript of the Investors earning Call shall be hosted on the website of the Company after the conclusion of the Investor's earnings call.
13. Employees who make speeches and presentations about the Company in conferences, seminars, external trainings etc. should abstain from debuting or making statements about UPSI.
14. Compliance Officer in consultation with the Chairman and Managing Director determine the requirement of disclosure of any event to the Stock Exchanges and shall if deem necessary, report the details of such event to the Stock Exchanges and the provisions of the section shall apply accordingly.

## **6. Events/Transaction to be disclosed**

6.1. Within the framework of this Policy, the following events/transactions/information shall be disclosed or published in public domain within the timelines stipulated thereunder:

- a. Quarterly Financial Results to be disclosed within 30 minutes from the conclusion of the Board Meeting in which it was approved;
- b. Dividends declared or recommended to be disclosed within 30 minutes of conclusion of the Board Meeting in which it was approved;

- c. Issue of any class of securities, change in the market lot of the Company's share, sub division of equity shares of the Company etc. to be disclosed promptly upon conclusion of Board Meeting in which it was approved;
- d. Acquisition, setting of a new entity, merger, de-merger, amalgamation, corporate restructuring, takeovers, scheme of arrangement, Joint Ventures, spin off, slump sale or selling business division of the Company, delisting , redemption /cancellation/retirement of any securities issued by the Company etc. to be disclosed promptly upon conclusion of Board Meeting in which it was approved or definitive agreement is signed finalizing the transaction, whichever is later.
- e. Buy back of shares, Bonus Issue, Establishment of new Stock Option Plan , Forfeiture of shares, reissue of forfeited shares or creation of new shares or securities in any form or manner etc. to be disclosed immediately after conclusion of the Board Meeting at which such transaction is approved;
- f. Material Strategic Investment in companies outside SMS Pharmaceuticals Limited, to be disclosed when such definitive binding agreement is executed or making the investment whichever is earlier;
- g. Material Transactions that change the general character of business, whether due to technical, manufacturing, marketing, or financial tie up or by the reasons of selling or disposing of or agreeing to sell or dispose of any unit or division or enlarging, restricting or closing the operations of any unit or division to be disclosed when a definitive agreement is signed on events triggering the change in general character of business.
- h. Disruption of business operations due to natural calamity, strikes or lockouts etc. having material impact on the business of the Company to be disclosed promptly upon assessment of disruptions consequent to occurrence of the calamity.
- i. Any litigation/regulatory action(s) against the Company having material impact on the business of the Company to be disclosed promptly upon receipt of the demand notice.
- j. Any ratings or revision thereof assigned to any of the Company's securities or other instruments should be disclosed forthwith upon receipt of such communication from the Rating Agency.
- k. Change in the Director and Key Managerial Personnel (KMP as per section 2(51) of the Companies Act, 2013), to be disclosed as at the date of change.

6.2. The following criteria shall be considered while determining the materiality of a disclosure pursuant to this policy:

- a. Quantitative Materiality Thresholds: Where the value involved in an event or the impact of an event exceeds 1% of the gross turnover of the Company.

*Note: Above thresholds shall be determined on the basis of audited consolidated financial statements of last audited financial year.*

- b. Qualitative Materiality Criteria: Where in the opinion of Compliance Officer the omission of disclosure of such event or information is likely to result in discontinuity of information already available publicly or result in significant market reaction if the said omission became public at a later date.

*Note : qualitative materiality criteria shall be applied where there the quantitative materiality thresholds cannot be applied or the value is less than the quantitative materiality thresholds.*

#### **7. Manner of Disclosures**

The material disclosures under this Policy shall be disclosed to the Stock Exchanges through electronic platforms of the Stock Exchanges designated for disclosures. In addition to this, the important press releases and the disclosures made will be hosted on the website of the Company; [www.smspharma.com](http://smspharma.com).

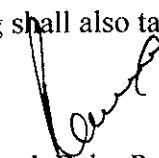
#### **8. Market Rumors**

Except as otherwise provided in the Policy, as a matter of best practice, the Company shall refrain from commenting on any Market Rumors and speculations. However, at times the Stock Exchanges might require clarifications on the market rumors which will be dealt with accordingly by the Compliance officer in consultation with the Chairman and Managing Director.

#### **9. Disclosure**

The policy shall also be uploaded on the website of the Company at [www.smspharma.com](http://www.smspharma.com). The Policy shall coexist with the SMS Pharmaceuticals Code for Prevention of Insider Trading and any person taking notice of the code for prevention of Insider Trading shall also take note of this Policy.

Date: 14.02.2019  
Place: Hyderabad



Ramesh Babu Potluri  
Chairman & Managing Director