



**BHAGWATI**

**BHAGWATI AUTOCAST LIMITED**

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**CODE OF PRACTICES & PROCEDURE**

**FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE**

**INFORMATION**

[As envisaged under Regulation 8(1) read with Regulation 3 of the SEBI (Prohibition of Insider Trading) Regulations, 2015]

## 1. INTRODUCTION:

- 1.1 The Securities and Exchange Board of India (“SEBI”) notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) on January 15, 2015, as amended from time to time, which is effective from May 15, 2015.
- 1.2 The SEBI further amended the above regulations vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 effective from April 01, 2019. Accordingly, the Company is required to make a policy for determination of “Legitimate purpose” as a part of “Code of Fair Disclosure and Conduct” formulated under regulation 8 of the PIT Regulations. Accordingly, the Board of Directors of the Company has adopted code of practices and procedures for fair disclosure of unpublished price sensitive information covering a policy for determination of “Legitimate purpose”, w.e.f. April 01, 2019.
- 1.3 Further the SEBI has introduced SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020 which was notified on July 17, 2020. Accordingly, the Board of Directors of the Company has approved and adopted the amendments to the code of practices and procedures for fair disclosure of unpublished price sensitive information on September 2, 2020.
- 1.4 Pursuant to Regulation 8 of the PIT Regulations, Bhagwati Autocast Limited (“BAL” or the “Company”) is required to formulate a code of practices and procedures for fair disclosure of unpublished price sensitive information (“UPSI”) (“Fair Disclosure Code”).

## 2. SCOPE:

- 2.1 BAL endeavors to preserve the confidentiality of UPSI and to prevent its misuse. To achieve these objectives, and in compliance with the PIT Regulations, BAL has adopted this Fair Disclosure Code.
- 2.2 This Fair Disclosure Code ensures timely and adequate disclosure of UPSI which would impact the price of its securities and to maintain uniformity, transparency and fairness in dealing with all its stakeholders.
- 2.3 BAL is committed to timely and accurate disclosure based on applicable legal and regulatory requirements.

## 3. MEANING AND DEFINITION:

“**Board**” means Board of Directors of the Company, Bhagwati Autocast Limited.

“**Chief Investor Relation Officer**” (**CIRO**) means CFO/ Finance Head/ CS/ Compliance officer of the Company.

“**Code**” means this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, as amended from time to time.

“**Company**” or “**BAL**” means Bhagwati Autocast Limited.

“**Company Law**” means Companies Act, 2013 read with Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof.

“**Compliance Officer**” means any senior officer, designated so and reporting to the Board of Directors who is financially literate (within the meaning of the Regulations) and is capable of appreciating

requirements for legal and regulatory compliance under the Regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in the Regulations under the overall supervision of the Board.

**“Connected Person”** means

- (i) Officers or Employees of the Company;
- (ii) Promoter and Members of the Promoter Group of the Company;
- (iii) Any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
- (iv) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
  - (a) An immediate relative of connected persons specified in clause (i); or
  - (b) A holding company or associate company or subsidiary company; or
  - (c) An intermediary as specified in section 12 of the Act or an employee or director thereof; or
  - (d) An investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) An official of a stock exchange or of clearing house or corporation; or
  - (f) A member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) A member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
  - (h) An official or an employee of a self-regulatory organization recognised or authorized by the Board; or
  - (i) A banker of the company; or
  - (j) A concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

**“Designated Person”** means those persons who are specified by the Board in consultation with the Compliance Officer on the basis of their role and function in the organization and the access that such role and function would provide to Unpublished Price Sensitive Information in addition to seniority and professional designation and shall include:

- (i) All Directors whether executive, non-executive or independent;
- (ii) All Key Managerial Personnel of the Company including Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) and Compliance Officer;
- (iii) Promoter and Members of the Promoter Group of the Company;
- (iv) All employees of Manager/ General Manager cadre and above in all other Departments of the Company;
- (v) Immediate relatives of the Person mentioned in (i) to (iv);

- (vi) Support staff like IT staff consisting the Head of the IT staff, the staff who are closely working with the Company and have access to the Unpublished Price Sensitive Information;
- (vii) Officers comprising the top three tiers of the company management;
- (viii) Such other employees as may be determined by the Management of the Company from time-to-time.

**“Employees”** means every employee(s) of the Company including the Director in the employment of the Company.

**“Fiduciary(ies)”** means Professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising the Companies shall be collectively referred to as fiduciary(ies).

**“Financially Literate”** means a person who has the ability to read and understood basic financial statements, i.e. balance sheet, profit and loss account and statement of cash flows.

**“Generally available information”** means information that is accessible to the public on a non-discriminatory basis;

**“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;

**“Insider”** means any person who is;

- i) A connected person; or
- ii) Designated Person; or
- iii) In possession of or having access to unpublished price sensitive information;
- iv) In receipt of Unpublished Price Sensitive Information pursuant to a Legitimate Purpose.

**“Material Financial Relationship”** shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

**“Policy”** means Policy for determination of Legitimate purposes forming part of this Code.

**“Promoter”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

**“Promoter Group”** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

**“Regulation”** means Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 read with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 as amended from time to time.

**“Securities”** shall have the meaning assigned to it under the Securities Contract (Regulations) Act, 1956 or any modification thereof except units of mutual fund;

**“Stock Exchange”** means BSE Limited.

**"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;

**"Unpublished price sensitive information" or "UPSI"** means any information, relating to the 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, de-listings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

Terms, Words and Expression used and that have not been defined in this Code shall have the same meaning assigned to them in the Companies Act, 2013 and rules made thereunder as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/ or any other various Securities Regulations of SEBI, other SEBI Regulation(s) as amended from time to time or defined under any other Act or the Regulations, as the case may be.

#### **4. PRINCIPLES OF FAIR DISCLOSURE:**

To adhere to each of the principles as set out in Schedule A to the PIT Regulations, BAL shall ensure to the followings:

- (i). The Company will make Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- (ii). The Company will make uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
- (iii). The CFO/ Finance Head/ CS/ Compliance officer will act as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- (iv). The Company will make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- (v). The Company will provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- (vi). The Company will ensure that information, if any, shared with analysts and research personnel is not unpublished price sensitive information.
- (vii). The Company will 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.
- (viii). Unpublished price sensitive information shall be handled on a "need-to-know" basis, i.e. unpublished price sensitive information shall be disclosed only to those who have actual need.

## 5. POLICY FOR DETERMINATION OF LEGITIMATE PURPOSES AS PER REGULATION 3 OF THE SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015:

**5.1 Purpose of Policy:** This policy is for the purpose of taking care about Communication or Procurement of UPSI.

### 5.2 Communication of UPSI:

An insider as defined in Regulation 2(g) of the PIT Regulations shall not:

- Communicate, provide, or allow access to any UPSI, relating to BAL or securities of the Company listed with stock exchange, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- It is an obligation on all insiders who are essentially persons in possession of UPSI to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis.

### 5.3 Procurement of UPSI:

- No person shall procure from or cause the communication by any insider of UPSI, relating to a company or securities of the Company, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- It is intended to impose a prohibition on unlawfully procuring, possession of UPSI from Insider or the Company.
- Inducement and procurement of UPSI not in furtherance of one's legitimate duties and discharge of obligations **would be considered as illegal** under the PIT Regulation.

### 5.4 Meaning of Legitimate Purpose:

- Actually, "Legitimate Purpose" is not specifically defined in the PIT Regulations. However, it shall include sharing of UPSI in the ordinary course of business by the Insider.
- "Legitimate Purpose" shall include sharing or communication of UPSI by the Insider **in the ordinary course of business** with the partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants. However, such sharing of UPSI should not be carried out to evade or circumvent the prohibitions of the PIT Regulations.

### 5.5 Communication of UPSI for other purpose:

Notwithstanding anything contained in this policy, an UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- entail an **obligation to make an open offer** under the takeover regulations where the board of directors of the company is of informed opinion that sharing of such information is in the best interests of the company;

- **not attract the obligation to make an open offer** under the takeover regulations but where the board of directors of the Company is of informed opinion that sharing of such information is in the best interests of the company and the information that constitute UPSI is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine to be adequate and fair to cover all relevant and material facts.
- For this purpose, the Company shall require the parties **to execute agreements to contract confidentiality and non-disclosure obligations** on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub regulation (3) of Regulation 3 of the PIT Regulations, and shall not otherwise trade in securities of the company when in possession of UPSI.

## 5.6 Maintenance of Structured Digital Database:

The CIRO shall **maintain a structured digital database**, which shall, inter alia, contain the following information of such person(s) or entity(ies) (hereinafter referred to as 'Insider') and 'Designated Persons' with and/or whom information is shared under the Regulations till the time and event, the UPSI is having knowledge or having access to, is made public:

- (i) Name of such recipient of UPSI;
- (ii) Nature of UPSI;
- (iii) Name of person who has shared the information;
- (iv) Name of the organization or entity or person etc. to whom the recipient represent;
- (v) Postal Address and E-Mail Id of such recipient;
- (vi) Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available (Aadhar/Passport/Election Voting Card details);
- (vii) Name of immediate relatives of recipient;
- (viii) Phone, Mobile / cell numbers;
- (ix) Name of educational institutions from which graduated;
- (x) Name of past employers;
- (xi) Name of Person with whom such designated person(s) share material financial information.

Further Designated Persons shall be required to disclose the above mentioned information to the CIRO/ Compliance officer of the Company on an annual basis within 15 (fifteen) days of close of financial year of the Company and on continual disclosure basis, as and when the information changes within 15 (fifteen) days of such change.

The Board of directors or head of the organization shall be responsible to ensure that such databases are maintained with adequate and effective system of internal controls to secure the database along with establishment of checks and control systems such as time stamping and audit trails to ensure non-tempering of such database and the Board of directors shall also review from time to time.

The Board of directors or head of the organization shall ensure that the structured digital database maintained should be preserved for minimum 8 years after the completion of relevant transaction, and in case of any investigation or enforcement proceeding pending, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

## **5.7 Recipient of UPSI is also Insider:**

The sharing of UPSI by an Insider for the legitimate purpose, performance of duties or discharge of legal obligations shall be subject to following conditions:

- Any person in receipt of UPSI pursuant to a “legitimate purpose” shall also be considered an “insider” for purposes of PIT regulations.
- The UPSI shall be shared in ordinary course of business(es) only.
- Sharing of UPSI shall be only for a genuine or reasonable purpose(s) as may be determined by the CIRO of the Company.
- Such sharing of UPSI shall not be varied out with a motive to evade or circumvent the prohibitions of the Regulations.
- Sharing of UPSI shall be for any other purpose as may be prescribed under the various Securities Regulations of SEBI or under Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.
- Such sharing of UPSI shall be subject to compliances stated in Clause 5.8 of this Policy.

## **5.8 Compliances:**

- Any ‘Person(s)’ or ‘entity(ies)’ in receipt of UPSI pursuant to the ‘legitimate purpose’, shall be considered as an ‘Insider’ for the purpose of the Regulations till the time and event, the UPSI, of which that ‘Person’ or ‘entity’ is having knowledge or having or cause to have access to, is made public.
- The CIRO/ Compliance officer in consultation with Managing Directors of the Company may also decide on how and when any person(s) or entity(ies) should be brought ‘inside’ on any proposed or ongoing sensitive information(s).
- A due notice shall be served to the ‘Person(s)’ or ‘entity(ies)’ identified in above through letter/e-mail/post/courier or any other mode proper by CIRO/ Compliance officer in consultation with Managing Directors of the Company, for the purpose of maintaining confidentiality of UPSI as known to that person(s) or entity(ies), for the purpose of compliance with the Regulations(s):
  - (i). to make aware such person(s) or entity(ies), that the information shared is or would be confidential and UPSI;
  - (ii). to make aware such person(s) or entity(ies), the duties and responsibilities attached to the receipt of such UPSI and the liability attached to misuse or unwarranted use of UPSI.
- As an alternative step to above, a Non-Disclosure Agreement(NDA) or such other Agreement/Memorandum of Understanding or corresponding nature may be entered into by the Company with the person(s) or entity(ies) identified above, if any for the purpose of maintaining confidentiality of the UPSI known to that person(s) or entity(ies) for the purpose of compliance with the Regulation(s):

- (i). to make aware such person(s) or entity(ies), that the information shared is or would be confidential and UPSI;
- (ii). to make aware such person(s) or entity(ies), the duties and responsibilities attached to the receipt of such UPSI and the liability attached to misuse or unwarranted use of UPSI.

#### **5.9 Power and Duty of Chief Investor Relations Officer (CIRO) under the policy:**

- It shall be duty of CIRO of the Company to observe the compliance of this policy.
- Other than information which is price sensitive in accordance with the various Securities Regulations of SEBI or under Company Law or any other applicable law for the time being in force, the CIRO in consultation with Managing Directors shall decide whether information is price sensitive or not.
- The CIRO shall ensure that the required disclosures to Stock Exchanges, on which the securities of the Company is/ are listed, is made promptly.
- CIRO shall be responsible for ensuring compliance, continuous disclosure requirements, overseeing and coordinating disclosure of price sensitive information to stock exchanges and shareholders on disclosure policies and procedures.
- The Onus of Compliance of this Policy shall also lie on the 'Insider' or the 'Designated Person' who is root cause for generation of UPSI or who has shared or has abetted in sharing of UPSI to a 'person(s)' 'entity(ies)'.

#### **6. PENAL PROVISIONS:**

Any non-compliance or irregularity or non-adherence to this policy shall be such penal/ disciplinary/ remedial action as may be considered appropriate by the Board of Directors of the Company in the best interest of the Company.

#### **7. AMENDMENTS:**

This Code including policy may be further amended from time to time by the Board of directors, as it may deem fit necessary and as and when required. Further, any subsequent amendment/ modification in the Regulations and/or any other laws in this regard shall automatically apply to this code including the policy forming part of this code.

#### **8. GENERAL:**

In case of any inconsistency between the terms of this code/ policy and any existing or newly enacted law, rule, regulation or standard including amendments thereof governing the Company, such law, rule, regulation or standard including amendments thereof will take precedence over this code/ policy and procedures until such time this code/ policy is changed to confirm to the law, rule, regulation or standard including amendment thereof.