



# RACL Geartech Limited

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## CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (CODE OF FAIR DISCLOSURE AND CONDUCT)

[Pursuant to Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015]  
[As amended pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]

**CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE  
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(CODE OF FAIR DISCLOSURE AND CONDUCT)**

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**INTRODUCTION**

SEBI (Prohibition of Insider Trading) Regulations, 2015 become effective from 15<sup>th</sup> May, 2015. These new Regulations had replaced the SEBI (Prohibition of Insider Trading) Regulations, 1992.

Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") requires a listed company to formulate and publish on its official website a "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" in compliance with the said PIT Regulations. While formulating the said Code of Fair Disclosure, each of principles as set out in Schedule A to the PIT Regulations need to be followed without diluting the provisions of PIT Regulations in any manner.

SEBI (Prohibition of Insider Trading) Regulations, 2015 are further amended vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and the amendment is effective from April 1,2019.

"Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" or "Code of Fair Disclosure and Conduct" is amended to include in it **Policy for Determination of legitimate purposes** to make it compliant of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

**DEFINITIONS**

**Unpublished Price Sensitive Information ("UPS")**

Unpublished Price Sensitive Information ("UPS") means any information, relating to a company or its securities, directly or indirectly, that is not generally available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, delisting, disposals and expansion of business and such other transactions;  
and
- v. changes in key managerial personnel.

**Legitimate purpose**

Legitimate purpose shall include sharing of unpublished price sensitive information 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 in order to perform duty or discharge of legal obligation i.e. on need to know basis, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the regulations.

## **Need to Know**

Unpublished Price Sensitive Information is to be handled on a “**need to know**” basis, i.e., Unpublished Price Sensitive Information should be disclosed only to those within and outside RACL Geartech Limited who need to know such Unpublished Price Sensitive Information to discharge their duty(ies) and whose possession of such Unpublished Price Sensitive Information will not give rise to a conflict of interest or appearance of misuse thereof.

## **GENERAL**

This Policy is divided in two parts:

**Part - A** covers the principles of fair disclosures for purpose of “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information” or “Codes of Fair Disclosure and Conduct”, and;

**Part - B** covers the Policy for Determination of “Legitimate Purposes”

## **PART - A**

### **PRINCIPLES OF FAIR DISCLOSURES FOR PURPOSE OF “CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION” OR “CODES OF FAIR DISCLOSURE AND CONDUCT”**

1. The Company shall ensure 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.
2. The Company shall ensure uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. The Compliance Officer of the Company shall act as the Chief Investor Relations officer (“*CIO*”) of the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015 or amended time to time to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. The Company will ensure that information shared with analysts and research personnel, if any, is not unpublished price sensitive information.
7. The Company shall develop and follow 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.
8. The Company shall handle all strategic, material, confidential and unpublished price sensitive information in the organisation on a 'need-to-know' basis and requisite confidentiality will be maintained for these information.

## **PART – B**

### **POLICY FOR DETERMINATION OF "LEGITIMATE PURPOSES"**

The Policy/Guidelines for determination of legitimate purpose shall be as under:

1. Regulation 3(1) of PIT Regulations provides that no insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
2. Regulation 3(2) of PIT Regulations provides that no person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
3. SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 inserted Sub-regulation (2A) in Regulation 3, which mandates that the board of directors of a listed company shall make a policy for determination of "legitimate purposes" as a part of "Codes of Fair Disclosure and Conduct" formulated under regulation 8.
4. Pursuant to sub-regulation (2A), Regulation 3, 'Policy for Determination of "Legitimate Purposes" is introduced as a part of "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" or "Codes of Fair Disclosure and Conduct" formulated under regulation 8.
5. The Designated Person who is sharing the UPSI with anyone shall ensure that the same is shared for legitimate purpose, which shall include the following:
  - (i) Sharing of UPSI in the ordinary course of business by any Insider, Designated Person, or by any Authorized person with existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants.
  - (ii) Sharing of UPSI where such communication is in furtherance of performance of duty (ies);
  - (iii) Sharing of UPSI for discharge of legal obligation(s).
  - (iv) Sharing of UPSI for any other genuine or reasonable purpose.
  - (v) Sharing of UPSI for any other purpose as may be prescribed under the Securities Regulations or Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.

Provided that such sharing should not be carried out to evade or circumvent the prohibitions of PIT Regulations.

6. Upon receipt of UPSI for legitimate purpose, such person to maintain the confidentiality of UPSI and shall require to keep their conduct in compliance with the PIT Regulations and the Code. Such persons shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.
7. Any person in receipt of unpublished price sensitive information ("UPSI") pursuant to a "legitimate purpose" shall be considered as an "insider" for purposes of PIT Regulations and the Code and due notice shall be given to such persons by Designated Person who is sharing the UPSI;

- (i) To make aware such person that the information shared is or would be UPSI.
  - (ii) To make aware to such person the duties and responsibilities attached to the receipt of such UPSI and the liability attached to misuse or unwarranted.
  - (iii) To instruct such person to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
8. The Designated Person shall simultaneously provide details of the person [i.e. Name of the person, Entity, Medium of sharing, Purpose of sharing etc.] with whom such UPSI is shared to the Compliance Officer of the company.
9. The Company will maintain the digital database of such persons or entities as the case may be with whom information is shared, in compliance of the PIT Regulations and the code, which shall contain the following information;
- (i) Name of such recipient of UPSI.
  - (ii) Name of the Organization or entity to whom the recipient represent.
  - (iii) Postal Address and/ or E-mail ID of such recipient.
  - (iv) Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

**Notes:**

- i. Original "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" or "Codes of Fair Disclosure and Conduct" was made effective w.e.f. May 15, 2015.
- ii. The amended 'Code of Fair Disclosure and Conduct' after insertion of Policy for Determination of "**Legitimate Purposes**" shall become effective from 01<sup>st</sup> April, 2019.
- iii. Any amendment(s) made in SEBI (Prohibition of Insider Trading) Regulations, 2015 and other related Regulations shall apply mutatis mutandis to the 'Code of Fair Disclosure and Conduct'
- iv. In any circumstance where the terms of the Code differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over the Code.

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