



## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

### **I. PREAMBLE**

The Securities and Exchange Board of India (“SEBI”) notified the SEBI (Prohibition of Insider Trading Regulations) 2015 (“Regulations”) on January 15, 2015 which is effective from May 15, 2015 replacing the two-decade old insider trading norms of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company required to frame a new “Code of Conduct for Prevention of Insider Trading” by the connected persons as defined in the code later, in relation to the securities of the said Company.

In line with the said Regulations, this “Code of Conduct for Prevention of Insider Trading” (hereinafter referred to as “Code” or “the Code”) was initially formulated and adopted by the Board of Directors of Bharat Gears Limited (hereinafter referred to as “BGL” or “the Company”), in its Board Meeting held on 29<sup>th</sup> May, 2015 to be effective with retrospective effect from 15<sup>th</sup> May, 2015.

Further, this Code has been amended and adopted by the Board of Directors on 2<sup>nd</sup> May, 2019 to incorporate the amendments introduced vide Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, with retrospective effect from 01<sup>st</sup> April, 2019.

### **II. DEFINITIONS**

- 1.1 “Act” means the Securities and Exchange Board of India Act, 1992.
- 1.2 “Board” means the Board of Directors of the Company.
- 1.3 “Code” or “Code of Conduct” shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of Bharat Gears Limited as amended from time to time.
- 1.4 “Company” means Bharat Gears Limited.
- 1.5 “Compliance Officer” means Company Secretary or such other senior officer reporting to the Board of Directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations designated so and reporting to the



Board of Directors 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

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

1.6 “Connected Person” means:

- (i) 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.
  
- (ii) 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 the Company or his



immediate relative or banker of the Company, has more than ten per cent. of the holding or interest.

1.7 “Dealing in Securities” means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company either as principal or agent.

1.8 “Prohibited Period” shall mean the period for which Trading Window shall remain closed as specified under Clause 4.1.1 of the Code.

1.9 Designated Person(s) shall include:

- (i) Promoters and members of Promoter Group;
- (ii) Directors;
- (iii) All officers comprising top three tiers of the Company Management;
- (iv) Key Managerial Personnel;
- (v) All employees in the finance, accounts, Corporate Affairs/secretarial and legal department and office(s) of the Chairman and Managing Director and the Joint Managing Director of the Company.
- (vi) Employees of material subsidiaries of the Company, if any designated on the basis of their functional role or access to Unpublished Price Sensitive Information in the organization by their board of directors;
- (vii) Employees upto two levels below Managing Director of the Company irrespective of their functional role in the Company or ability to have access to Unpublished Price Sensitive Information;
- (viii) Any support staff of the Company such as IT staff or strategy staff who have access to Unpublished Price Sensitive Information;
- (ix) any other employee as may be determined by the Compliance Officer in consultation with the Chairman and Managing Director of the Company from time to time.
- (x) Such other persons including persons in contractual, fiduciary or advisory capacity with the Company, who may be designated as such from time to time, by the Chairman and Managing Director/ /Chief Financial Officer, in consultation with the Compliance Officer, for the purpose.
- (xi) Auditors of the Company including but not limited to Statutory Auditors, Internal Auditors, Secretarial Auditors and cost auditors;
- (xii) Immediate Relatives of the persons specified in (i) to (xii) above.

1.10 “Director” means a member of the Board of Directors of the Company.

1.11 “Employee” means every employee of the Company including the Directors in the employment of the Company.

1.12 “Generally available Information” means information that is accessible to the public on a non-discriminatory basis.



- 1.13 “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.
- 1.14 “Insider” means any person who is:
- (i) a connected person; or
  - (ii) in possession of or having access to unpublished price sensitive information.
- 1.15 “Key Managerial Person” means person as defined in Section 2(51) of the Companies Act, 2013.
- 1.16 “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.
- 1.17 “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.
- 1.18 “Securities” shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.
- 1.19 “Specified” means specified by the Board in writing.
- 1.20 “SEBI” means the Securities and Exchange Board of India.
- 1.21 “Takeover regulations” means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- 1.22 “Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly.
- 1.23 “Trading Day” means a day on which the recognized stock exchanges are open for trading.
- 1.24 “Trading Window” Trading Window means a trading period for trading in the Securities of the Company as specified by the Company from time to time.
- 1.25 “Unpublished Price Sensitive Information” 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, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

1.26 “Regulations” shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

### III. SCOPE

The Code shall be applicable to Directors, connected persons, the insiders, the Designated persons and the promoters, member of promoter group and immediate relatives.

### IV. CODE

#### 1. **Compliance officer**

The Company has appointed the Company Secretary as Compliance officer who shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports, at least once in a Financial Year, to the Chairman of the Audit Committee, if any, or to the Chairman of the Board of Directors or at such frequency as may be stipulated by the Board of Directors.

#### 1.1. **Duties of Compliance officer**

- 1.1.1. He shall maintain a record of designated person and any changes made therein.
- 1.1.2. He may, in consultation with the Chairman and Managing Director and as directed by the Board, specify prohibited period from time to time and immediately make an announcement thereof.
- 1.1.3. He shall maintain a record of Prohibited Period specified from time to time.
- 1.1.4. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of ‘Price Sensitive Information’ ‘Pre-clearing of ‘designated person’ and their dependents’ trades, monitoring of trades and the



implementation of the Code of Conduct under the overall supervision of the Board of the Company.

- 1.1.5. He shall assist all Insiders, Designated Persons and Employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct.
- 1.1.6. He shall regulate and monitor the Trading Window of the Securities of the Company.
- 1.1.7 He shall advise all Designated Person not to trade in Securities of the Company when the Trading Window is closed.
- 1.1.8 He shall Investigate any Employee in relation to the Trading of Securities and handling of Unpublished Price Sensitive Information of the Company.
- 1.1.9 He shall Inform SEBI in case it is observed that there has been a violation of this Code.
- 1.1.10 He shall report to the Board of Directors and shall provide reports to the Chairman of the Audit Committee/Board at such frequency as may be stipulated by the Board of Directors, but not less than once in a year.

## **2. Preservation of "Unpublished Price Sensitive Information"**

All information shall be handled within the Company on a need-to-know basis. No insider shall communicate, provide or allow access to any unpublished price sensitive information, relating to Company or securities 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.

No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to Company or securities listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. Any inducement and procurement of unpublished price sensitive information not in furtherance of legitimate duties and discharge of legal obligations would be illegal under this clause.

*Explanation-* The term "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, provided that such sharing has not been carried out to evade or circumvent the prohibitions of this code or the Regulations.

Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of this code or the Regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished



price sensitive information in compliance with this code or the regulations.

2A Unpublished price sensitive information 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; or
- 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 unpublished price sensitive information 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.

However, the Board of Directors 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 aforesaid purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

Further, the Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared along with the Permanent Account Number or where Permanent Account Number is not available any other identifier authorized by law and databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Following practices should be followed in this regard: -

## **2.1. Restrictions: -**

2.1.1. Every person preparing and circulating any unpublished price sensitive information (UPSI) as defined under the Regulations shall ensure to notify the following notation "Private, Privileged and Confidential" on each such document / statement.

2.1.2. Need to Know





- (i) “need to know” basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- (ii) All non-public information directly received by any employee should immediately be reported to the head of the department.

#### 2.1.3. Limited access to confidential information

Files containing confidential information shall be kept secure by the concerned department. Computer files must have adequate security of login and password, etc. Files containing confidential information should be deleted/ destroyed after its use.

2.1.4 To prevent the misuse of UPSI, the Company adopts the “Chinese Wall” policy which separates those areas of the Company which routinely have access to UPSI, considered –inside areas” from those departments which deal with sales/ marketing or other departments providing support services, considered–”public areas”.

2.1.5 Only in exceptional circumstances, Employees from the public areas may be permitted to ‘cross the wall” are brought ‘over the wall’ and provided UPSI on “need to know” basis under intimation to the Compliance Officer. In such cases, the Compliance Officer shall ensure that all necessary restrictions are imposed on such Employee(s) in relation to protection of such Unpublished Price Sensitive Information.

2.1.6 Not to advise or induce or communicate or counsel any other person to deal in shares of the company on the basis of UPSI.

2.1.7 Not to trade (buy / sell) in securities of the Company either directly or through relatives, friends etc. on the basis of any UPSI.

2.1.8 Not to trade (buy /Sell) in securities of the Company directly or through relatives, friends etc. during closure of trading window as announced by compliance officer from time to time.

2.1.9 To comply with the norms under the code including disclosure of the transactions to the Compliance Officer.

#### **2.2 Prevention of misuse of “Unpublished Price Sensitive Information”**

Designated persons and connected persons on the basis of their functional role in the Company shall be governed by an internal code of conduct governing dealing in securities.





### 2.2.1 Trading Plan

An insider shall be entitled to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

### 2.2.2 Trading Plan shall:

- (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than twelve months;
- (iv) not entail overlap of any period for which another trading plan is already in existence;
- (v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- (vi) not entail trading in securities for market abuse.

### 2.2.3 The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Regulations.

However, pre-clearance of trades shall not be required for a trade executed as per an approved trading plan and trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

### 2.2.4 The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the



Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

- 2.2.5 Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

### **3. Prohibition To Buy/Sell Securities of the Company by Insider**

- 3.1 Any Insider, when in possession of any unpublished price sensitive information pertaining to the Company shall not trade in securities of the Company:

When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

Provided that the insider may prove his innocence by demonstrating the circumstances including the following:-

- (i) The transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information and such information was obtained for legitimate purpose and sharing of such unpublished price sensitive information is in the best interest of the Company and both parties had made a conscious and informed trade decision.

Provided that such Unpublished Price Sensitive Information was not obtained under Clause 2A of this Code.

Provided further that such off-market trades shall be reported by the insiders to the Company within two working days. The Company shall notify the particulars of such trades to the stock exchanges on which its securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information;

- (ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information and such information was obtained for legitimate purpose and sharing of such



unpublished price sensitive information is in the best interest of the Company and both parties had made a conscious and informed trade decision;

- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.

**3.2 In the case of non-individual insiders: -**

- (a) the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking Trading decisions and such decision-making individuals were not in possession of such Unpublished Price Sensitive Information when they took the decision to Trade; and
- (b) appropriate and adequate arrangements were in place to ensure that the Regulations are not violated and no Unpublished Price Sensitive Information was communicated by the individuals possessing the information to the individuals taking Trading decisions and there is no evidence of such arrangements having been breached;
- (v) the trades were pursuant to a trading plan as set out in this Code.

**3.3** Insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information. They shall, while in possession of any Unpublished Price Sensitive Information, neither Trade in the Securities of the Company on the basis of Unpublished Price Sensitive Information nor pass on such information to any person directly or indirectly by way of making a recommendation for Trading in Securities of the Company.

**3.4** In the case of Connected Persons the onus of establishing, that they were not in possession of Unpublished Price Sensitive Information, shall be on such Connected Persons.

**3.5 Institutional Mechanism for Prevention of Insider trading:**

**3.5.1** The Managing Director or such analogous person of the Company as determined by the Board shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in this Code and Regulations to prevent insider trading.

**3.5.2** The internal controls shall include the following:

- a. All employees who have access to unpublished price sensitive information shall be identified as designated employee.



- b. All unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of the regulations.
- c. Adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by regulations.
- d. Lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons.
- e. All other relevant requirements specified under the regulations shall be complied with;
- f. Periodic process review to evaluate effectiveness of such internal controls.

3.5.3 The Board of Directors of the Company shall ensure that the Managing Director or such other analogous person ensures compliance with regulation 9 and sub-regulations (1) and (2) of the regulations.

3.5.4 The Audit Committee of the Company shall review compliance with the provisions of the regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

3.5.5 The Company has formulated written policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, approved by Board of Directors of the Company forming part of this code and accordingly the Company shall initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform SEBI promptly of such leaks, inquiries and results of such inquiries.

3.5.6 The Company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

3.5.7 If an inquiry has been initiated by a Company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall co-operate with the Company in connection with such inquiry conducted by listed company.

#### **4. Restriction to Buy/Sell Securities by Designated Person:**

- 4.1. All the Promoters or members of Promoter Group, Key Managerial Personnel, Directors / Designated person/ connected persons of the



Company shall not buy/sell securities of the Company during closure of the 'Trading Window', i.e. the period during which trading in the securities of the Company is prohibited.

**4.1.1. Closure of Trading Window:**

All Designated Persons shall execute Trades in the Securities of the Company only in a valid trading period called Trading Window prescribed hereunder and shall not execute any Trade or deal in any transaction involving the purchase or sale of the Company's Securities in their own name or in the name of their Immediate Relatives during the period when the Trading Window is closed or any other period as may be specified by the Company from time to time.

**4.1.2 The Trading Window for Trading in Securities of the Company shall be closed for the following purposes:**

- (i) Declaration of financial results (quarterly, half yearly and annual), standalone and consolidated, of the Company;
- (ii) Intended declaration of dividends (both interim and final);
- (iii) Issue of Securities by way of public, bonus, rights issue etc. or buy-back of Securities and changes in capital structure;
- (iv) Changes in Key Managerial Personnel;
- (v) Mergers, demergers, amalgamations, acquisitions, delisting, disposals, expansion of business and such other transactions; and
- (vi) Material events in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**4.1.3 In addition to the items specified above, the Trading Window shall also be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such Securities to which such Unpublished Price Sensitive Information relates.**

**4.1.4 In case of declaration of financial results, the Trading Window shall be closed during the period beginning from the last day of any financial period for which results are required to be announced and ending 48 (forty eight) hours after the public release of such results. In all other circumstances, the time for commencement of closing of Trading Window shall be as determined by the Compliance Officer in consultation with the Board of Directors.**

The gap between clearance of accounts by the Audit Committee and the Board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.



- 4.1.5 The Compliance Officer after taking into account various factors including the Unpublished Price Sensitive Information in question becoming Generally Available Information and being capable of assimilation by the market, shall decide the timing for re-opening of the Trading Window, which however shall not in any event be earlier than 48 hours after the information becoming Generally available.
- 4.1.6 Trading Window may be closed by the Company during such time in addition to the above period, as may be deemed fit by the Compliance Officer.
- 4.1.7 The notice of closure of the Trading Window shall be intimated to the stock exchanges wherever the Securities of the Company are listed.

## **5. Prior Approval to Buy/Sell Securities by Designated Persons**

- 5.1.1. All the Designated persons of the Company shall get **prior clearance** from compliance officer of the proposed acquisition/ purchase/ sale transactions by themselves or through their dependent family members as per the procedure described hereunder if the said transaction of the securities of Company in a month is in excess of 2,000 in number or Rupees One Lac in market value, whichever is lower (either in one transaction or in a series of transaction(s)).
- 5.1.2. The application for **prior clearance** shall be made to the Compliance Officer of the Company in the prescribed format as specified in Annexure 1 of the Code.
- 5.1.3 An undertaking (Annexure 2) shall be executed in favour of the Company by such Designated Person incorporating, inter alia, the following clauses, as may be applicable:
- (a) That the employee/director/officer does not have any access or has not received "Price Sensitive Information" up to the time of signing the undertaking.
  - (b) That in case the Designated Person has access to or receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
  - (c) That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.



(d) That he/she has made a full and true disclosure in the matter.

- 5.1.4 Such purchase/ sale of securities by the Compliance Officer shall require **prior clearance** from the Chairman of the Company.
- 5.1.5 Purchase/ sale transaction, for which **prior clearance** has been obtained, shall be valid only for one week from the date of communication within which period it shall be consummated/ executed and shall lapse thereafter. If the transaction is not consummated/ executed within one week from the approval date, the designated person will be required to follow the process of **prior clearance** again.
- 5.1.6 All the designated persons who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next 6 months following the prior transaction.
- 5.1.7 All the designated persons shall also not take positions in derivative transactions in the shares of the Company at any time.
- 5.1.8 In case of subscription in the primary market (initial public offers), the holding period would commence when the securities are actually allotted. All the designated persons shall hold the securities of the Company for a minimum period of 30 days from the date of purchase ('Minimum Holding Period'). In case of personal emergency, the **prior approval** of the Compliance Officer shall be taken for relaxation in the Minimum Holding Period. In respect of the Compliance Officer, such relaxation shall require **prior approval** of the Chairman.
- 5.1.9. The Compliance Officer will scrutinize the application within 2 working days of submission and communicate the approval/ refusal (along with reasons therefore) to the applicant. The decision of the Compliance Officer in this regard will be final. In the absence of the Compliance Officer, the Chairman and Managing Director will decide upon the **prior clearance** application. Format of preclearance of order is annexed as Annexure 3.
- 5.1.10. The requirements of **prior clearance** of a proposed transaction shall not apply in the following cases:
1. In the event of participation of a public event i.e. rights or a bonus issue.
  2. In the case of any acquisition of shares through transmission or inheritance, or like mode.





3. By way of any court settlement or award thereof.

## **6. Disclosures**

6.1. All Designated persons of the Company shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the Compliance Officer:

### **6.1.1 Initial Disclosure**

#### Disclosure Requirement

- a) Every Designated Person of the Company, within thirty days of the regulations taking effect, shall forward to the Company the details of all holdings in securities of the Company presently held by them including the statement of holdings of dependent family members in the prescribed alongwith
- (i) his/her Phone, mobile and cell numbers;
  - (ii) his/her Permanent Account Number or any other identifier authorized by law; and
  - (iii) the names of educational institutions from which designated Persons have graduated and names of their past employers. (Annexure 4)
- b) Every person on appointment as a key managerial personnel or a director of the Company or upon becoming a promoter or member of Promoter group shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter or member of Promoter group, to the Company within seven days of such appointment or becoming a promoter or member of Promoter group. (Annexure 5)

### **6.1.2 Annual Disclosure**

#### Disclosure Requirement

Annual disclosure of number of securities or voting rights held by designated person as on 31<sup>st</sup> March shall be made within 15 days with the following informations:

- (i) name of Immediate Relatives;
- (ii) persons with whom such Designated Person(s) shares a material financial relationship;
- (iii) Permanent Account Number or any other identifier authorized by law of (i) & (ii) in Annexure 4

The term “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 12 (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.

### **6.1.3 Continual Disclosure**

Disclosure when there has been change in shareholding or voting rights and such change exceeds Rs. 1 Lacs in market value or 2,000 shares or 2% of the total shareholding or voting rights of the Company whichever is lower.

#### **Disclosure Requirement**

Within 2 working day of acquisition/ sale/ transfer/pledge of shares as per format specified in Annexure 6 of the code.

### **6.1.4 Disclosure as per the Regulations**

#### **Disclosure Requirement**

a) Every promoter, member of the promoter group, designated person and director of the Company shall disclose to the Company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rupees Ten lakhs or such other value as may be specified.

The disclosure shall be made in the format (as per Annexure 6) within 2 working days of:

- (a) the receipt of intimation of allotment of shares, or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

b) Within 2 days of the receipt of intimation under Clause 6.1.4(a), the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed, the information received.

The Compliance officer shall maintain records of all the declarations in the appropriate form given by the directors / officers / designated employees for a minimum period of five years.

## **7. Penalties for Contravention**

Violation of this Code will invite severe disciplinary action. Such disciplinary action will be irrespective of action that may be taken by SEBI under the Regulations.

**8. General**

Employees are advised to peruse the Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer will be available for clarification / assistance that may be necessary.

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 is displayed on the Website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

**9. CODE OF FAIR DISCLOSURE**

A code of practices and procedures for fair disclosure of unpublished price sensitive information for adhering each of the principles is set out below:

1. 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. Uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing 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. Handling of all unpublished price sensitive information on a need-to-know basis.

**10. POLICY FOR DETERMINATION OF “LEGITIMATE PURPOSES:**

- (a) Company shall provide Unpublished Price Sensitive Information on need to know basis only.



- (b) Unpublished Price Sensitive Information can be provided to the Statutory Auditors, Secretarial Auditors, Cost Auditors, Internal Auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks of the Company in performance of their duties.
- (c) Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations.
- (d) Notice shall be given to such Insider to maintain confidentiality of such unpublished price sensitive information in compliance with the regulations.
- (e) unpublished price sensitive information provided in the ordinary course of business, in furtherance of performance of duty(ies), for discharge of legal obligations, for any other genuine or reasonable purpose as may be determined by the Compliance Officer of the Company, for any other purpose as may be prescribed under the Regulations or any other law for the time being in force, shall considered as an Insider and due notice shall be given to such persons to maintain confidentiality of such Unpublished price sensitive information in Compliance with this code.

**For Bharat Gears Limited**

Sd/-

**Surinder Paul Kanwar  
(Chairman & Managing Director)**

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## **POLICIES AND PROCEDURES FOR INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION(UPSI)**

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### **Preamble:**

This Policy is framed with an aim to implement a structured procedure for investigation in case of leak or suspected leak of UPSI.

### **Company:**

Bharat Gears Limited(BGL)

### **Applicability:**

This policy shall apply to all designated persons and immediate relative of designated persons and persons in possession of or having access to unpublished price sensitive information.

For the purpose of this Policy 'Audit Committee' shall mean Committee of the Board of the Company constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

'Board' shall mean the Board of Directors of Bharat Gears Limited.

'Designated Persons' shall cover all employees whether contractual or otherwise, persons / entities stated under Regulation 9(4) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and other connected persons as defined under Regulation 2(d) of the SEBI (prohibition of Insider Trading) (Amendment) Regulations, 2018.

'Immediate relative' shall include persons defined under Regulation 2(f) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018

'Leak of UPSI' shall refer to such act / circumstance(s) by virtue of which an UPSI is made available or becomes available, by any means or mode to any person, association, body, firm, agency, society, entity or to a group thereof, whether registered or otherwise before its official publication or announcement or formal circulation in public domain and which shall also include any purported attempt thereof.

'Unpublished Price Sensitive Information' (UPSI) shall cover informations stated under Regulation 2(n) of SEBI (prohibition of Insider Trading) (Amendment) Regulations, 2018

### **Process of inquiry in case of leak or suspected leak of UPSI:**

1. Inquiry under this policy shall commence based on a written complaint received from the suspect, any other person including employees of the Company and regulatory / statutory authority or any other department of Central or State Government.



2. The complaint shall inter alia state particulars of the complainee and details of the complaint. The Complainant has the option of annexing such documentary evidence, as deemed reasonable for the purpose of substantiating the complaint lodged.
3. The Complaint shall be addressed to the Company or Board or Audit Committee or Chairman or Managing Director (CMD), by whatever name called.
4. The said Compliant shall be forwarded immediately to the Inquiry Committee consists of Compliance Officer and the Chief Financial Officer to carry out an Inquiry.
5. Within 5 (five) working days of receipt of the complaint Inquiry Committee, shall write to the complainee intimating the details of the complaint received and requesting him to give a written representation within 7 (seven) working days of receipt of letter. If Inquiry Committee feels that the complaint has been lodged to secure needless publicity for defamatory matter which is detrimental to the interest of the Company then the committee will discard the complaint with reasons recorded in writing.
6. Within 7 (seven) working days of receipt of representation, Inquiry Committee shall proceed to investigate in the matter and for such purpose may consult such persons, whether internal or otherwise or obtain such external assistance or opinion, as he may deem expedient in this regard. During the course of such investigation, Inquiry Committee may call for such additional documents, representations, etc. as it may deem fit.
7. If no representation is received within the aforesaid stipulated time, Inquiry Committee shall issue notice to the complainee asking him to show cause as to why the Company should not initiate disciplinary proceedings, as applicable, against him.
8. On completion of the preliminary investigation under point 5, receipt of reply to the show cause notice issued under point 6 or on non-receipt thereof, Inquiry Committee shall refer the matter to the Chairman of the Audit Committee, alongwith his opinion, for his consideration.
9. The Audit Committee shall consider the matter and put forward its recommendation to the Board. The Board, on receipt of such recommendation and after due review, if forms an opinion that the complainee is guilty of leak of UPSI or suspected leak of UPSI, then it will order for necessary disciplinary proceedings of the company, which will be in addition to the penal provisions stated under SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and any other statutory enactments, as applicable.



10. The Company suo moto reserves the right of initiating an inquiry under this policy against any designated person if it has reasons to believe that such person has leaked UPSI or suspected to leak UPSI.
11. This policy shall not in any way preclude any referrals, complaints, measures, actions etc. which can be instituted or which are available under the existing Vigil Mechanism Policy of the Company.
12. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision and also replace this Policy entirely with a new Policy.
13. Any words used in this Policy but not defined herein shall have the same meaning as described to it in the Companies Act, 2013 or Rules made thereunder, Securities & Exchange Board of India Act or Rules and Regulations made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 or any other relevant legislation/law applicable to the Company, as amended from time to time.

Approved by the Board of Directors of the Company in its meeting held on 29<sup>th</sup> May, 2015 and further, this Code has been amended and adopted by the Board of Directors on 2<sup>nd</sup> May, 2019 to incorporate the amendments introduced vide Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

**For Bharat Gears Limited**

Sd/-

**Surinder Paul Kanwar  
(Chairman & Managing Director)**

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**Annexure I**

Date :

Compliance Officer  
Bharat Gears Limited  
20 K. M., Mathura Road,  
P. O. Box 328, P. O. Amar Nagar,  
Faridabad -121 003 (Haryana).

**Sub: Application for Pre-dealing approval in securities of the Company**

Dear Sir,

I intend to deal in the Securities of Company. Detailed particulars of Proposed Transaction are as follows:

1. Name :
2. Designation, Department & Employee Code :
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)\*\* :
5. PAN No. :
6. Relation with Designated Person\*\* :
7. No of securities held (including those held by dependent family members) before proposed Transaction :
8. Nature of Proposed Transaction :
9. Estimated number of securities to be dealt in proposed Transaction (including by dependent family members) :
10. Reason for proposed Transaction :

Please find enclosed an undertaking duly signed and accepted by me.

You are requested to pre-clear the above transaction.

Thanking you,

(Signature)

Notes:

1. \* Strike out whichever is not applicable
2. \*\* applicable in case of dependent family member of Designated Employee
3. A separate statement should be attached in respect of number of Shares held by dependent family members.

Annexure 2

**Format of Undertaking to be accompanied with the application for Pre-clearance**

Date :

Compliance Officer  
Bharat Gears Limited  
20 K.M., Mathura Road,  
P.O. Box 328, P.O. Amar Nagar,  
Faridabad - 121003 (Haryana).

**Sub : Undertaking**

Dear Sir,

I intend to deal in the Securities of the Company, the detailed particulars of the Proposed Transaction have are mentioned in a separate request form dated(fill date).

I hereby undertake that: -

1. I do not have any access or has not received any “Unpublished Price Sensitive Information” up to the time of signing the undertaking.
2. In the event, I have access to or receive any “Unpublished Price Sensitive Information” after signing of this undertaking but before the execution of the transaction in the Securities of the Company, I shall inform the compliance officer of the change in the position and I would completely refrain from dealing in the securities of the Company till the time such information becomes public.
  - a) I have not contravened the Company’s Code of Conduct for prevention of Insider Trading, notified by the Company.
  - b) I have made a full and true disclosure in the matter.

In the light of above, you are requested to pre-clear the above transaction.

Thanking you,

(Signature)

**Annexure 3**

**FORMAT FOR PRE- CLEARANCE ORDER**

To,  
Name : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Place : \_\_\_\_\_

This is to inform you that your request for dealing in \_\_\_\_\_ (nos) shares of the Company as mentioned in your application dated \_\_\_\_\_ is approved. Please note that the said transaction must be completed on or before \_\_\_\_\_ (date) that is within 7 days from today. In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'Nil' report shall be necessary.

Yours faithfully,

for Bharat Gears Limited

Compliance Officer

Date : \_\_\_\_\_

Encl: Format for submission of details of transaction

#### Annexure 4

Date :

Compliance Officer  
Bharat Gears Limited  
20 K. M., Mathura Road,  
P. O. Box 328, P. O. Amar Nagar,  
Faridabad -121 003 (Haryana).

**Sub : Initial Disclosure/Annual Disclosure of Securities held by Promoter, Member of Promoter group, Key Managerial Personnel (KMP), Director and their immediate relatives and for whom taking trading decisions**

Name, Pan No., CIN/DIN and Address with contact No. Education, Name of Past Employer	Category of Person (Promoters/Member of Promoter group/ KMP/ Directors/ Immediate relatives/ others etc)	Securities held as on the date of regulation coming into force		% of Shareholding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
		Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contracts* lot size)	Notional value in Rupees terms	Number of units (contracts* lot size)	Notional value in Rupees terms

(Signature)

Designation:

Date:

Place:

## Annexure 5

Compliance Officer  
Bharat Gears Limited  
20 K. M., Mathura Road,  
P. O. Box 328, P. O. Amar Nagar,  
Faridabad -121 003 (Haryana).

**Sub : Details of Securities on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or Member of Promoter group of a listed company and their immediate relatives and for whom taking trading decisions**

Name, Pan No., CIN/DIN and Address with contact No.	Category of Person (Promoters/Member of Promoter group KMP/Directors/ immediate relatives/others etc	Category of Person (Promoters/ KMP/ Directors/ Immediate relatives/ others etc) /Material Financial Relationship	Securities held as on the date of regulation coming into force		% of Shareholding	Open Interest of the Future contracts held as on the date of regulation coming into force		Open Interest of the Option Contracts held as on the date of regulation coming into force	
			Type of security (For eg. Shares, Warrants, Convertible Debentures etc.)	No.		Number of units (contract size* lot size)	Notional value in Rupees terms	Number of units (contracts* lot size)	Notional value in Rupees terms

(Signature)

Designation:

Date:

Place:

Annexure 6

**Details of change in holding of securities of promoters, member of promoter group, designated person or Director of a listed and their immediate relatives and for whom taking trading decisions**

The Compliance Officer,  
**Bharat Gears Limited,**  
**Mumbai**

I, \_\_\_\_\_, in my capacity as \_\_\_\_\_ of the Company hereby submit the following details of change in holding of securities of the Company :

Name, Pan No., CIN/DIN, & address of Promoter/ employee Director with contact nos.	Category of person (Promoters/ member of promoter group /Directors/ immediate relatives/ others etc.)	Securities held prior to acquisition/ disposal		Securities acquired / Disposed		% of Shareholding		Date of allotment advise/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition (market purchase/ public/ rights/ preferential offer / off market/ Inter-se transfer etc.)	Trading in derivatives (Specify type of contract, Futures or Options etc)				Exchange on which the trade was executed
		Type of security (For eg.- Shares, warrants, convertible Debentures etc.)	No.	Type of security (For eg.- Shares, warrants, convertible Debentures etc.)	No.	Pre transaction	Post transaction	From	To			Buy		Sell		
												Value	Number of units (contracts * lot size)	Value	Number of units (contracts * lot size)	

I/We declare that I/We have complied with the requirement of the minimum holding period of six months with respect to the securities purchased/sold. I hereby declare that the above details are true, correct and complete in all respects.

Signature: \_\_\_\_\_  
 Designation:

Date  
 Place