



## **DIVGI TORQTRANSFER SYSTEMS LIMITED**

### **POLICY FOR DETERMINATION OF “LEGITIMATE PURPOSE” FOR SHARING UNPUBLISHED PRICE SENSITIVE INFORMATION (UPS)**

*[Under Regulation 3(2A) and 3(2B) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]*

#### **Document Control**

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#### **Document Record Sheet**

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#### **PRELIMINARY**

##### **1. Background:**

The Company shares data or information with various stakeholders like organizations, agencies, institutions, intermediaries, establishments, persons, etc., during the course

of its business operations. Such unpublished data or information, if made publicly available may materially impact the market price of the listed securities of the Company. If such persons trade on the basis of unpublished price sensitive information ('**UPSI**'), it could result in an undue advantage to such persons. The trading in the securities of the Company by an insider is governed by and subject to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('**Regulations**') as amended from time to time and the Tata Code of Conduct for Prevention of Insider Trading and Code for Corporate Disclosure Practices ('**Code**').

This "**Policy on Determination of Legitimate Purpose**" ('**Policy**') is framed by the Board of Directors of the Company pursuant to the amendment in the Regulations, in 2018 and is part of "**Code of Corporate Disclosure Practices**".

2. It has come into force with effect from the date of approval of the Board of Directors of **DIVGI TORQTRANSFER SYSTEMS LIMITED** ("**Company**").

**3. Definitions:**

3.1 "**Act**" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

3.2 "**Board**" means the Securities and Exchange Board of India;

3.3 "**Regulations**" means the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto;

3.4 "**Insider**" means any person who is:

(i) A connected person; or

(ii) In possession of or having access to unpublished price sensitive information; or

(iii) Any person who is in receipt of unpublished price sensitive information pursuant to a legitimate purpose;

3.5 "**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;

"**Connected Person**" means Connected Person as defined under Regulations and shall also include promoters and their directors and key managerial personnel. (Regulation 2(1)(d)).

3.6 "**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, delisting, disposals and expansion of business and such other transactions; and
- (v) Changes in key managerial personnel.

**4. Applicability:**

This Policy shall form part of the Code of Internal Procedures and Conduct for Prohibition of Insider Trading in Dealing with the Securities of DIVGI TORQTRANSFER SYSTEMS LIMITED and shall apply to all “Insiders” defined at Clause 2.4.

**5. Legitimate Purpose:**

The legitimate purpose for sharing the UPSI by Insider in the ordinary course of business or on a need-to-know basis shall include but not be limited to the following:

- (a) Sharing of UPSI with the promoter, subsidiaries, associates, joint ventures, any government and other statutory authorities, partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, or other advisors or consultants;
- (b) Sharing of UPSI in business situations like acquisitions, mergers, divestments, rights issue or any other transaction(s)/ corporate action(s) where an insider (s) needs to share information with the promoters /controlling shareholders for the transaction(s) to be successful;
- (c) Possible investment/disinvestment in a new venture/existing undertaking;
- (d) Any event or information as prescribed under Part A of Schedule III under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time; and
- (e) Any other purpose as the Board may determine depending upon the transaction(s).

Provided that such sharing of UPSI has not been carried out to evade or circumvent the prohibitions laid down under the Regulations.

**6. In following cases which are illustrative in nature, sharing of UPSI would be considered as legitimate purpose:**

- i. For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized by law;

*Example: Any call for information or query received from Ministry of Corporate Affairs, Income Tax Authority, Securities and Exchange Board of India (“SEBI”), Stock Exchanges, Reserve Bank of India, Sectoral Regulatory Body, etc.*

- ii. Under any proceedings or pursuant to any order of courts or tribunals;

*Example: National Company Law Tribunal, National Company Law Appellate Tribunal, Quasi-judicial authority, Other Appellate Tribunals, Arbitration Proceedings, etc.*

- iii. As part of compliance with applicable laws, regulations, rules and requirements;

*Example: Company Law, Securities Law, Income Tax Law, Banking Law, etc.*

- iv. Arising out of any contractual obligations or arrangements entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking.

*Example: Due diligence for any kind of restructuring, namely mergers & acquisitions, joint venture agreements, share purchase agreements, franchisee agreement, etc.*

- v. Arising out of business requirements including requirement for the purposes of promoting the business of the Company and strategies of business which may require sharing of UPSI with Subsidiaries, Associates, Joint Ventures and with the Promoters and Promoters in turn with their Promoters as well as by Promoters with their advisors, consultants, intermediaries, fiduciaries etc.

*Example: Some of the examples which are illustrative in nature are as mentioned below:*

- Sharing the relevant UPSI by Company or Promoters for advice, consultation, valuation, fund raising or other intermediation and approvals in relation to the subject matter of a proposed deal/assignment/tie-up/venture/fund raising;
- Sharing the relevant UPSI by Company or Promoters with intermediaries, fiduciaries, merchant bankers, advisors, lawyers, bankers, consultants, valuers, auditors, insolvency professionals, business support agents, transaction processing service providers in order to avail professional services from them;
- Sharing the relevant UPSI by Company or Promoters for advice, consultation, transaction support, intermediation and approvals on projects relating to enterprise transformation, strategy, change management, analytics, re-organization, operation improvement, technology and similar domains;
- Sharing the relevant UPSI by Company or Promoters for advice, consultation, transaction support, intermediation and approvals in the

process of evaluation of new products, business opportunities and new lines of business;

- Sharing the relevant UPSI by Company or Promoters for statutory consolidation requirements or related customary disclosure obligations;
- Sharing the relevant UPSI by Company or Promoters with persons engaged or involved in the processes leading to disclosure of events set out in Schedule III to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Any person in receipt of UPSI pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of the Regulations and shall comply with the Code.

When in doubt on determination of the Legitimate Purpose, UPSI may be shared after obtaining necessary clarification from the Compliance Officer or the Chief Investor Relations Officer.

#### **7. Process for Sharing UPSI:**

The Insider shall conduct the following steps while sharing UPSI:

1. Satisfy that information being shared is UPSI and that sharing of UPSI is for legitimate purposes;
2. Identify the persons with whom such information is to be shared;
3. Notify the recipient that the information that is being shared is UPSI and to maintain confidentiality of such UPSI;
4. Mode of sharing UPSI shall be either by an email (addressed directly to the Insider without copying) or via hard copy or any by other electronic mode or device or provide access to the information, data, server with due acknowledgement thereof from the recipient;
5. Maintain the names of the persons along with PAN (or any other identifier where PAN is not available) with whom UPSI is shared. The database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non- tampering of the database. This database shall be kept confidential.

#### **8. Policy Review:**

The Policy shall be reviewed periodically in accordance with review of internal controls and checks as well as changes or any regulatory requirements from time to time.

***In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.***