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Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“UPSI”)

[Under Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015]

❖ **BACKGROUND**

To put in place a framework for Prohibition of Insider Trading in securities and to strengthen the legal framework relating thereto, the Securities and Exchange Board of India (“SEBI”) has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**Insider Trading Regulations**”) to protect the interests of stakeholders and to avoid the misuse of the Unpublished Price Sensitive Information in the day-to-day business affairs.

In terms of Regulation 8(1) of Insider Trading Regulations, the Board of Directors of listed companies are required to formulate and publish on their official website, a code of practices and procedures for fair disclosure of unpublished price-sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to the Insider Trading Regulations.

In line with the requirements of law and to ensure compliance, the Board of Directors of **Holmarc Opto-Mechatronics Limited** has adopted this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“UPSI”).

1. OBJECTIVE:

The Code intends to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for the Company’s securities and to maintain the uniformity, transparency and fairness in dealings with all stakeholders and ensure adherence to applicable laws and regulations.

2. SCOPE:

The Company endeavors to preserve the confidentiality of Unpublished Price Sensitive Information (UPSI) and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

3. DEFINITIONS:

a. “**Insider**” means any person who is:

- (i) a connected person (as defined in regulation 2(d) of PIT regulations); or
- (ii) in possession or having access to unpublished price sensitive information;

All the other terms used in the Policy shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

b. **Unpublished Price Sensitive Information (“UPSI”):**

- i. **UPSI** shall mean 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;
 - Periodical financial results of the Company;
 - Intended declaration of dividends (Interim and Final);
 - Change in capital structure i.e., Issue of securities, buy - back of securities or any forfeiture of shares or change in market lot of the Company’s shares;

- Mergers, De-mergers, Amalgamation, Acquisitions, De-listing of Securities, Scheme of Arrangement or Takeover, disposals, spin off or selling division of whole or substantially whole of the undertaking and expansion of business and such other transactions;
- Any major expansion plans or execution of new projects or any significant changes in policies, plans or operations of the Company;
- Changes in key managerial personnel;
- Material events in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- Any other matter as may be prescribed under the Listing Regulations and/or Corporate Law to be price sensitive, from time to time.

The UPSI shall be uniform and universally disseminated and due care will be taken to avoid selective disclosure. In case if the UPSI that gets disclosed selectively, inadvertently or otherwise, prompt steps shall be taken to make such information generally available.

***Note:** Words and expressions used and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the Rules and Regulations made framed there under shall have the meanings respectively assigned to them in those legislation.*

c. “Legitimate Purpose”:

shall include sharing of Unpublished Price Sensitive Information in the ordinary course of business by an insider with partner(s), collaborator(s) lender(s), customer(s), supplier(s), merchant banker(s), banker(s), legal advisor(s), auditor(s), Insolvency professional(s) or other advisor(s) or consultant(s), provided that such sharing has not been carried out to evade or circumvent the prohibitions of the PIT Regulations.

Person who is in receipt of UPSI pursuant to a “legitimate purpose” shall be considered as an “insider” for purpose of the regulations and due notice shall be given to such persons (Insiders) to maintain confidentiality of such unpublished price sensitive information in compliance with the regulations.

The ‘Unpublished price sensitive information’ can be shared as an exception by an Insider for Legitimate purpose as per its “**Policy for determination of Legitimate Purpose**” (Annexure A), provided it is not shared to evade or circumvent the prohibition under this Regulation.

d. Chief Investor Relation Officer (“CIO”)

shall mean the Compliance Officer of the Company appointed by the Board of Directors under Securities and Exchange Board India (Prohibition of Insider Trading) Regulations, 2015.

In the temporary absence of the CIO for any reason whatsoever, Managing Director shall nominate any other official of the Company to be responsible for dissemination of information and disclosure of UPSI.

4. PRINCIPLES OF FAIR DISCLOSURE:

The Company shall adhere to the following principles to ensure timely and fair disclosure of Unpublished Price Sensitive Information:

- (i) Prompt public disclosure of Unpublished Price Sensitive Information that would impact price discovery, no sooner than credible and concrete information, in order to make such information generally available.
- (ii) Uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure.
- (iii) Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- (iv) Prompt dissemination of Unpublished Price Sensitive Information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- (v) Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- (vi) Ensuring that information shared with analysts and research personnel is not Unpublished Price Sensitive Information. The Company shall be careful while answering to the queries of analysts. Un-anticipated questions shall be taken on notice and a considered response shall be given later.
- (vii) Developing best practices to make transcripts or records of proceedings of Meetings with analysts and other investor relations conferences on the Company's website to ensure official confirmation and documentation of disclosures made.
- (viii) Handling of all Unpublished Price Sensitive Information on a need-to-know basis.

UPSI shall be disclosed to Company officials only after a proper clarification is sought as to the purpose for which the information is needed.

5. CHIEF INVESTOR RELATIONS OFFICER ("CIO") TO OVERSEE AND COORDINATE DISCLOSURES:

- (i) The Compliance Officer of the Company is designated as the Chief Investor Relations Officer and is responsible for dissemination of information and disclosure of UPSI to the Stock Exchange(s) and other Regulatory Authorities as may be required under any applicable law for time being in force.
- (ii) The Compliance Officer is also responsible for ensuring compliance under this Code, overseeing and coordinating disclosure of UPSI to stock exchanges, shareholders, analysts and media and for educating company's staff on disclosure policies and procedure.
- (iii) All UPSI is to be handled on "**need-to-know basis**", i.e., UPSI should be disclosed only to those within 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. All the non- public information directly received by any employee should immediately be reported to the Compliance Officer.

6. POWERS & DUTIES OF CHIEF INVESTOR RELATIONS OFFICER:

- (i) Other than information which is price sensitive in accordance with the Companies Act 2013, the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any other applicable law for the time being in force, the CIO in consultation with the Managing Director & Chief Financial Officer (CFO) shall decide whether an information is price sensitive or not.
- (ii) The CIO shall ensure that uniform disclosures are made to the Stock Exchanges promptly.

(iii) All information disclosure/dissemination may normally be approved in advance by the CIO. In case information is accidentally disclosed without prior approval of CIO, the person responsible shall immediately inform the CIO.

(iv) The CIO shall ensure that no unpublished price sensitive information is disclosed selectively to any one or group of research analysts or investors to the disadvantage of other stakeholders. The CIO shall also develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences and display on the official website to ensure official confirmation and documentation of disclosures made.

(v) Any queries or requests for verification of market rumor(s) by the Regulatory Authorities shall be forwarded to the CIO, who shall decide on the clarification to be provided.

(vi) The CIO shall decide whether a public announcement is necessary for verifying or denying any rumor(s).

7. PROMPT DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION:

(i) The Company will ensure that any event which has a bearing on the share price of the Company shall be disseminated promptly upon the conclusion of the event, by communicating the same to the Stock Exchange(s) in accordance with the PIT Regulations and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as may be amended from time to time.

(ii) To ensure that the information is disseminated in a uniform manner, company will transmit the information to all the Stock Exchange(s) where the securities of the Company are listed, at the same time and shall also publish the same on the website of the Company viz. www.holmarc.com.

8. DISCLOSURE WITH REFERENCE TO ANALYSTS/ MEDIA:

(i) All UPSI shall be first communicated to the Stock Exchanges before the same is shared with Analyst and Research personnel.

(ii) Transcript of the Meetings / Con calls with Analysts shall be furnished to the Stock Exchange(s) and then posted on company’s website.

9. RESPONDING TO MARKET RUMORS:

The Managing Director / Chief Financial Officer / Compliance Officer and/or the Investor Relations Team and /or any other official(s) (“**Spokesperson**”) authorized by the Board of Directors of the Company shall give an appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities. They shall also be responsible for deciding whether a public announcement is necessary for verifying or denying rumors and making disclosures.

10. SHARING OF UPSI FOR LEGITIMATE PURPOSE:

The UPSI shall be shared by any person(s) authorized by the Board of Directors or CIO of the Company,

only in furtherance of legitimate purpose(s) which shall include the following;

- (i) 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, valuers, insolvency professionals, other advisors or consultants or business support agents, service providers, in order to avail professional services from them in relation to the subject matter of UPSI.
- (ii) Sharing the relevant UPSI with consultant, advisors engaged by the Company in relation to the subject matter of the proposed deal/assignment/tie-up/fund raising resulting to UPSI;
- (iii) Where such communication is in furtherance of performance of duty (ies);
- (iv) For discharge of legal obligation(s).
- (v) For any other genuine or reasonable purpose as may be determined by the CIO of the Company.
- (vi) Sharing the relevant UPSI with potential customers, joint ventures partners and vendors essential to fulfill the terms and conditions of business contract.
- (vii) Sharing the relevant UPSI for advice, consultation, transaction support, intermediation and approvals in the process of evaluation of new business opportunities.
- (viii) Sharing the relevant UPSI for statutory consolidation requirements or related customary disclosure obligations;
- (ix) Sharing the relevant UPSI 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
- (x) 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.

However, other provisions / restrictions as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any other law for the time being in force in this behalf, as may be amended from time to time, shall be observed.

11. RESTRICTIONS FOR SHARING UPSI:

Till the UPSI becomes generally available information, it can be shared with the Insiders only on a need-to-know basis and for legitimate purpose as provided under this policy.

The Compliance Officer or any of the Director(s) shall issue a notice to the Insider to maintain confidentiality of UPSI shared for legitimate purpose.

The Board of Directors shall require the Insider(s) to maintain confidentiality and / or non- disclosure

agreement to keep UPSI so received confidential and shall not otherwise trade in securities of the company when in possession of UPSI.

The Insider will obtain Company's written consent, in case UPSI received by the Insider under this Policy is proposed to be used by the Insider for purpose other than the initial legitimate purpose for which the Company has provided UPSI.

12. ISSUE OF NOTICE TO THE RECIPIENT OF UPSI:

Any person in receipt of Unpublished Price Sensitive Information pursuant for a "Legitimate Purpose" shall be considered an "Insider" for purposes of this Code and due notice shall be given to such persons, under this code;

- (i) To make aware to 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 the PIT Regulations and to refrain from trading / dealing in securities of the Company, whether directly or indirectly, when in possession of UPSI.

13. DIGITAL DATABASE OF RECIPIENT OF UPSI:

The CIO shall be responsible to maintain a structured digital database of such persons or entities as the case may be with whom information is shared under the PIT Regulation, 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) Nature of UPSI
- (iv) E-mail ID of such recipient;
- (v) Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. Irrespective of whether an UPSI is shared internally or externally, necessary recording should be made in Structured Digital Database. The person sharing the Unpublished Price Sensitive Information is required to inform the Compliance Officer about such sharing of UPSI.

The CIO shall also be responsible to ensure that such databases shall be maintained with adequate internal controls (as prescribed under the PIT Regulations or such other regulation(s), as may be applicable for time being in force) and checks such as time stamping and audit trials to ensure non- tampering of such database. The CIO shall have access to the SDD and is authorized to determine who is to be given access to the Structured Digital Database. Further, the Service provider of Structured Digital Database shall also have access of the Structured Digital Database for technical support.

The board of directors shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

14. AMENDMENT:

The Board of Directors of the Company may amend / substitute any provision(s) with a new provision(s) or replace this entire Policy with a new Policy, in case there is any change in applicable laws, rules & regulations.

In any circumstance where the terms of this Policy differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over this Policy.

Any change in the Policy shall be approved by the Board of Directors of the Company. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed there under or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Notes:

**Words and expression used herein and not defined shall have meaning ascribed to them under the SEBI (PIT) Regulations.*

**In the event the terms of this Code differ from any applicable law for the time being in force, the provisions of such applicable law shall take precedence over this Code.*

Annexure - A
POLICY ON DETERMINATION OF LEGITIMATE PURPOSE

*[Pursuant to Regulation 3 (2A) of SEBI {Prohibition of insider Trading}
(Amendment) Regulations, 2018]*

A. INTRODUCTION

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“PIT Amendment Regulations”) mandates every listed company to formulate a written “**Policy for Determination of Legitimate Purposes**”. These regulations are effective from **01st April, 2019**. Accordingly, *Holmarc Opto-Mechatronics Limited* is required to formulate a Policy for Determination of Legitimate Purposes.

B. OBJECTIVE

The Policy is formulated to explain the Legitimate Purpose, to handle the information within the organisation on a need-to-know basis and no Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of legitimate Purpose, performance of duties or discharge of legal obligation.

The following factors should be considered to determine the legitimate purpose:

- (a) whether sharing of such information is in the ordinary course of business of the Company;
- (b) whether information is sought to be shared to evade or circumvent the prohibitions of the Regulations;
- (c) whether sharing the information is in the best interests of the Company or in furtherance of a genuine commercial purpose;
- (d) whether the information is required to be shared for enabling the Company to discharge its legal obligations;
- (e) whether the nature of information being shared is commensurate to the purpose for which access is sought to be provided to the recipient.

It is clarified that in the event there exist multiple purposes for sharing UPSI, each purpose will be evaluated on its own merits, in line with the aforementioned principles.

C. APPLICABILITY

The Policy will be applicable on all “Insiders”.

D. DEFINITION

- a. “**Legitimate Purposes**” shall include sharing of Unpublished Price Sensitive Information in the ordinary course of business by an insider with partner(s), collaborator(s) lender(s), customer(s), supplier(s), merchant banker(s), banker(s), legal advisor(s), auditor(s), Insolvency professional(s) or other advisor(s) or consultant(s) and any other person with whom UPSI is shared, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the PIT Regulations.
- b. “**Insider**” Any person in receipt of UPSI pursuant to a “legitimate purpose” shall be considered as an “insider” for purposes of these regulations and due notice shall be given to such persons (Insiders) to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.

(The definition of Insider given under Code of Practices & procedures for fair disclosure of UPSI stands revised to include the above.)

E. DISCIPLINARY ACTION

The Audit Committee, subject to approval of Board of Directors, may take appropriate action against any person who violates the provisions of this policy. Disciplinary action may include penalizing the concerned person. Where the Company has suffered a loss due to violation of the Policy, it may pursue its legal remedies against such persons.

F. REVIEW AND CHANGES

The Board may amend this Policy from time to time (if required) to incorporate any subsequent amendment(s) / modification(s) brought in by SEBI with respect to matters covered under this policy or even otherwise.
