

# SURAT TEXTILE MILLS LIMITED

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## **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") under Regulation 8 (1) of SEBI (Prohibition of Insider Trading Regulations) 2015.**

### **FOREWORD**

On January 15, 2015 the Securities Exchange Board of India ("SEBI") had notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("New PIT Regulations") which replaces the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with effect from May 15, 2015.

The New PIT Regulations inter alia prohibits (i) communication of Unpublished Price Sensitive Information, (ii) procurement of price sensitive information and (iii) trading in securities when in possession of unpublished price sensitive information. The New PIT Regulations requires the Company to enact and adopt a code which lays down the internal procedures for regulating, monitoring and reporting of trading called "Code of Fair Disclosure and Conduct" ("the FDC Code"). In line with the requirement under the New PIT Regulations, the Board of Directors of the Company at its meeting held on 11th February, 2015, approved the FDC Code. This Code shall come into effect immediately and shall replace any earlier code made in this regard. However, for the purpose of compliances required to be made under the Regulations, the FDC Code will be deemed to have become effective retrospectively from May 15, 2015.

### **A. Introduction:**

1. The Securities and Exchange Board of India ("SEBI") notified the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which is effective from 1st April, 2019.
2. Pursuant to Regulation 8 of the Regulation, Surat Textile Mills Limited (STML) is required to formulate a policy for determination of 'legitimate purposes' as a part of 'Codes of Fair Disclosure and Conduct' ('Fair Disclosure Code'). Accordingly, the Board of Directors of STML has amended the Fair Disclosure Code.

### **B. Scope:**

1. This Code ensures timely and adequate disclosure of Unpublished Price Sensitive Information (UPSI) which would impact the price of its securities and to maintain uniformity, transparency and fairness in dealing with all its stakeholders.
2. STML endeavors to reserve the confidentiality of UPSI and to prevent its misuse.

### **C. Principles of Fair Disclosure:**

In adherence of the principles of fair disclosure under Schedule A to the SEBI (Prohibition of Insider Trading) Regulations, 2015, which stand further amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred to as "SEBI PIT Regulations"), the Board of Directors of the Company viz. Surat Textile Mills Limited would follow the following practice and procedure for fair disclosure of unpublished price sensitive information.

1. The Company shall make prompt public disclosure of unpublished price sensitive information is made to make it generally available, once it is discovered that credible and concrete information having the potential of effecting the price of securities of the Company exist or comes into being.
2. The Company shall make uniform and universal dissemination of unpublished price sensitive information is promptly made to avoid selective disclosures.
3. The Company Secretary is designated as a Chief Investor Relations Officer 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, is promptly disseminated to make such information generally available.
5. The Company shall provide appropriate and fair response and replies are promptly provided to queries on news reports and requests for verification of market rumours by Regulatory Authorities such as Stock Exchanges, etc.  
The Company shall not comment on every market rumour. If Stock Exchange requests, the Company shall submit its response to the market rumour.
6. The Company shall ensure that information, if any, shared with analysts and research personnel 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, if any, on the official website to ensure official Confirmation and documentation of disclosures made.
8. The Company shall handle all unpublished price sensitive information on a need-to-know basis by creating suitable safeguards to avoid UPSI becoming available to any person who is not required to have access to such information. UPSI, may however be disclosed, to persons who need such information for furtherance of legitimate purposes, performance of duties or discharge of legal obligations in relation to the Company.
9. The Unpublished Price Sensitive information can be shared for legitimate purposes as per the "Policy for determination of Legitimate Purposes" (Annexure A), provided it is not shared to evade or circumvent the prohibition under this Regulation.
10. The Fair Disclosure Code is subject to review by the Board of Directors as and when deemed necessary.

## **ANNEXURE A**

### **POLICY FOR DETERMINATION OF LEGITIMATE PURPOSES Pursuant to Regulation 3 (2A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018**

#### **1 PREFACE**

This Policy, as a part of "Codes of Fair Disclosure and Conduct" formulated under Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations 2015, will be known as "Policy for Determination of Legitimate Purposes" hereinafter referred to as the "Policy".

This Policy is prepared in accordance with Regulation 3(2A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

#### **2 OBJECTIVE**

The objective of this policy is to identify 'Legitimate Purposes' for performance of duties or discharge of legal obligations, which will be considered as exception for the purpose of procuring Unpublished Price Sensitive Information (UPSI) relating to the Company or its listed securities or proposed to be listed securities, if any.

### **3 UNPUBLISHED PRICE SENSITIVE INFORMATION**

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 include 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.

### **4 COMPANY'S POLICY ON DETERMINATION OF LEGITIMATE PURPOSE**

The term "Legitimate Purposes" means sharing of information by the Company, in furtherance of the Company's and stakeholders' interest, which includes Unpublished Price Sensitive Information (UPSI) with parties during the ordinary course of business by an Insider with the following, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations:

- 1. Promoters of the Company
- 2. Auditors (Statutory, Internal, Branch, Cost, Secretarial, GST and any other Auditor as applicable)
- 3. Staff Members of the Audit firm / team conducting the Audit
- 4. Collaborators
- 5. Lenders
- 6. Customers
- 7. Suppliers
- 8. Bankers
- 9. Legal Advisors
- 10. Insolvency Professionals
- 11. Consultants
- 12. Merchant Bankers
- 13. Any other advisors/consultants/partners
- 14. Any other person with whom UPSI is shared

### **5 LEGAL OBLIGATIONS:**

Other than the cases as stated above, in furtherance of its legal obligations, the Company may be required to share UPSI with the Regulatory Authorities and/or Persons, in the events such as:

- a. While the Company is evaluating various corporate actions, it may have to seek informal opinion/views from the Regulators, seek such approvals or regulatory exemptions, as may necessary to consummate the corporate action;
- b. Arising out of legal obligations to report to the various authorities under applicable laws or otherwise
- c. Arising out of legal obligations to undertake compliance of the provisions of law such as Companies Act, 2013, Accounting Standards, Competition Act, etc;
- d. In order to protect the vital interest of the Company during litigation.

The Company while submitting the aforesaid information to the Regulators, although will claim confidentiality over the UPSI shared, however, it would not have visibility nor control over any further dissemination of information by such Regulators.

**6 DISSEMINATION OF UPSI AND CHIEF INVESTOR RELATION OFFICER:**

The Compliance Officer of the Company shall be the Chief Investor Relations Officer to deal with dissemination of information and disclosure of UPSI.

The Company is committed to prompt and fair disclosure of UPSI to all the stakeholders, however in the event there is an accidental or inadvertent disclosure of UPSI by the officers of the Company, the Compliance Office shall forthwith generally make available the said information.

**7 AMENDMENT**

The Board of Directors of the Company, subject to applicable laws, rules & Regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire Policy with a new Policy.

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

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