



# MSAFE EQUIPMENTS LIMITED

## CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

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# CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

## 1. BACKGROUND

Regulation 8 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“*PIT Regulations*”), mandate the every listed company to formulate and publish on its official Website, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“*Code*”) that it would follow in order to adhere to each of the principles set out in Schedule A to the PIT regulations.

Further, SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018 notified on December 31, 2018 and subsequent amendment to PIT Regulations notified on January 21, 2019 requires every listed company, inter alia, to formulate a policy for determination of ‘Legitimate purpose’ as a part of this code formulated under regulation 8 of PIT Regulations.

All terms used but not defined herein shall have the meaning ascribed to such term under the Insider Trading Regulations. In case of any discrepancy between the Insider Trading Regulations and the terms defined herein, the meaning as ascribed under the Insider Trading Regulations, shall prevail.

## 2. DEFINITIONS

- a) “**Act**” means Securities and Exchange Board of India, 1992.
- b) “**Audit Committee**” means Audit Committee of the Board constituted as per the regulatory requirement.
- c) “**Compliance Officer**” means any senior officer, designated so and reporting to the Board of Directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the SEBI (Prohibition of Insider Trading) Regulations, 2015 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compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the codes specified in the SEBI (Prohibition of Insider Trading) Regulations, 2015, under the overall supervision of the Board of Directors of the Company.

Explanation – For the purpose of this regulation, “financially literate” shall mean 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.

- d) “**Chief Investor Relations Officer**” means senior official nominated as such by the Company from time to time shall be the Chief Investor Relations Officer (“**CIRO**”) for the purpose of the Code.
- e) “**Connected Person**” shall have the meaning given to it under Regulation 2(d) of the Regulations.

f) **“Director”** means a member of the Board of Directors of the Company.

g) **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media, such as information published on websites of stock exchanges.

h) **“Immediate Relative”** means the spouse of the Designated Person, and includes parent, sibling and child of such Designated Person or of the spouse, who are either financially dependent on the Designated Person or consults the Designated Person in taking decisions relating to trading in securities.

i) **“Insider”** means any person who is a Connected Person or in possession of or having access to UPSI.

j) **“Legitimate purpose”** shall include sharing of UPSI 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 these regulations.

k) **“Leak of UPSI”** shall refer to such act/ circumstance(s) by virtue of which an UPSI is made or becomes generally available before its official publication or announcement or formal circulation in public domain and which shall also include any attempt thereof.

l) **“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.

m) **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, pledge, un pledge, deal in the Company’s securities either directly or through portfolio management services, and “trade” shall be construed accordingly

n) **“Trading Day”** means a day on which the recognized stock exchanges are open for trading.

o) **“Trading in Securities”** means and includes an act of subscribing to, buying, selling, dealing or agreeing to subscribe to, buy, sell or deal in any Securities of the Company and “trade” shall be construed accordingly.

p) **“Unpublished Price Sensitive Information (“UPSI”)** as defined under Regulation 2(n) of SEBI PIT Regulations 2015

### 3. **ROLE OF CHIEF INVESTOR RELATIONS OFFICER**

1. The Board shall designate the Chief Investor Relations Officer of the Company who shall be responsible for overseeing the timely and adequate public disclosure of Unpublished Price Sensitive Information as required under this Disclosure Code and the SEBI PIT Regulations.

2. The responsibilities of the Chief Investor Relations Officer shall include overseeing and coordinating the disclosure of price sensitive information to stock exchanges, analysts, shareholders and the media. Routine disclosures to the stock exchanges shall continue to be made by designated officers who have responsibility for making such disclosures.
3. In the event of disclosure/dissemination of Unpublished Price Sensitive Information by a Designated Person without the approval of the Chief Investor Relations Officer by a Designated Person, such Designated Person shall inform the Chief Investor Relations Officer about such disclosure/dissemination as soon as possible.
4. In the temporary absence of the CIRO for any reason whatsoever, the Managing Director of the Company shall nominate any other official of the Company to be responsible for dissemination of information and disclosure of UPSI.
5. The CIRO shall be responsible for:
  - (a) ensuring uniform and universal dissemination of information and disclosure of UPSI at an appropriate time, so as to avoid selective disclosure;
  - (b) ensuring compliance with the Fair Disclosure Code and intimating instances of violations of the Fair Disclosure Code to the Managing Director and the Compliance Officer;
  - (c) overseeing and monitoring sharing of information about the Company (including UPSI) by the Employees and educating Employees on disclosure policies and procedures;
  - (d) reviewing the disclosure process and controls and ensuring that same are operating effectively for compliance with the Fair Disclosure Code and the PIT Regulations;
  - (e) ensuring that in interactions with media and external public, guidelines for disclosure of UPSI are complied with; and
  - (f) in discussion with the Company's Board/senior management, making and assessment of (i) materiality of information, (ii) updates, if any, required to be provided in respect of past disclosures; and (iii) the timing and adequacy of the proposed disclosures.
  - (g) The CIRO shall strictly observe the timelines stipulated in terms of the SEBI regulatory framework with respect to prior intimations / notices / notifications and disclosures to ensure prompt disclosure of any UPSI that gets disclosed selectively / inadvertently.

#### **4. UNIFORM AND UNIVERSAL DISSEMINATION OF UPSI RESPONDING TO MARKET RUMOURS**

1. The Employee/ Director of the Company shall promptly direct any queries on news reports or requests for verification of market rumours received from regulatory authorities to the CIRO.

2. CIRO, shall on receipt of requests as aforesaid, consult the Managing Director and send an appropriate and fair response to the same, in line with the applicable regulatory framework.
  3. CIRO shall be responsible for deciding in consultation with the Managing Director of the Company as to the necessity of a public announcement for verifying or denying rumours (other than in cases where clarification has been sought by the regulators or is otherwise necessary in terms of the regulatory framework under the rumor verification framework) and thereafter making appropriate disclosures.
  4. All requests for verification of market rumours /queries on news reports received shall be documented and as far as practicable, the CIRO shall request for such requests / queries in writing. No disclosure in response to the requests / queries shall be made by the CIRO, unless the Managing Director approves the same.
5. **SHARING OF INFORMATION AND DISCLOSURE OF PROCEEDINGS OF MEETINGS WITH ANALYSTS /INSTITUTIONAL INVESTORS**

1. No person, except those authorized by the CIRO, shall disclose any information relating to the Company's Securities to analysts and research persons. The CIRO, shall be invited to meetings/ conferences organized by the Company with analysts/research persons.
2. All Directors and Employees should follow the guidelines given hereunder while dealing with analysts and institutional investors:

**a) Sharing of UPSI**

The Employee and Director of the Company shall provide only public information to analysts/ research persons. In case any UPSI is proposed to be provided, the person proposing to so provide information shall consult the CIRO, in advance. CIRO shall ensure that that the information provided to the analyst/research person/investor as above is made public simultaneously with such disclosure.

**b) Handling of analysts / investors questions**

The Company shall take extreme care and caution when dealing with analysts' questions that raise issues outside the intended scope of discussion. The nature and extent of UPSI proposed to be shared should be subject to appropriate evaluation, and assessment as to whether such sharing is commensurate with the objective sought to be achieved.

CIRO should tackle the unanticipated questions carefully. The unanticipated questions may be noted, and a considered response be given later in consultation with the Managing Director. If the answer to any question requires dissemination of UPSI, the CIRO shall report the same to the Managing Director and obtain necessary approval for its dissemination to the Stock Exchanges. The CIRO shall, after dissemination of such UPSI, respond to such unanticipated questions.

**c) Recording of discussions**

All analyst and other investor relations conferences shall be attended by the CIRO who may be accompanied by any other Employee(s) of the Company. The Company will also ensure that it has appropriate systems in place and follows industry best practices so as to

record the transcripts of conference call(s) and meetings held between the management of the Company and the analysts and other investor relations conferences and disclose it to the Stock Exchanges and host it on the website of the Company, in line with the applicable regulatory framework.

**d) Simultaneous release of information**

Whenever the Company proposes to organize meetings with investment analysts/research person, the Company shall make a press release or post relevant information on its website after every such meeting. The Company may also consider live webcasting of analyst meets. The CIRO shall be responsible for drafting of the press release or the text of the information to be posted on the Company's website, in consultation with the Managing Director.

**6. HANDLING OF UPSI ON A NEED-TO-KNOW BASIS**

- 1) The CIRO shall handle all the UPSI on a need-to-know basis only. In case of doubt, the CIRO, shall consult and seek approval of the Managing Director before dissemination of such information.
- 2) All UPSI shall be made available to relevant persons / entities strictly on a need-to-know basis, and in line with any other applicable codes, policies, and procedures of the Company, including, specifically, this Fair Disclosure Code and the Insider Code.
- 3) No UPSI shall be communicated by Employees, Directors, and Insiders of the Company to any person except in furtherance of his / her Legitimate Purposes, performance of duties or disclosure of his/her legal obligations.
- 4) No person shall procure from or cause the communication by any insider of UPSI, relating to the Company or securities listed or proposed to be listed of any other company, except in furtherance of legitimate purposes, performances of his / her duties or discharge of his / her legal obligations.
- 5) The Company will, on an on-going basis, sensitize and educate its employees, Designated Persons ("DPs"), management on dealing with information, including UPSI, strictly on a need to-know basis and the CIRO shall be responsible for the same.
- 6) For sharing of UPSI within the Company or with external parties for genuine business purpose, appropriate wall-crossing procedure as stipulated in Insider Code shall be followed. Further, all compliances in terms of the PIT Regulations will be duly observed.

**7. POLICY FOR DETERMINATION OF 'LEGITIMATE PURPOSE**

1. The PIT Regulations recognize that UPSI may be required to be shared or communicated for certain genuine purposes, i.e., legitimate purposes, performance of duties or discharge of legal obligations. The PIT Regulations clarify that "legitimate purpose" shall include sharing of UPSI 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 the PIT Regulations.

2. The scope of 'legitimate purpose' under the PIT Regulations is an inclusive one, and accordingly, its determination would be a subjective assessment basis the facts and circumstance of each case. Thus, it is not possible or feasible to set out a list of events that will constitute 'legitimate purpose' at all times, for the purposes of sharing UPSI.
3. Thus, having regard to the fiduciary obligations cast on the Board, and with a view to ensuring that any sharing of UPSI takes place in a responsible manner, in line with the spirit of the PIT Regulations, the Board has set out a policy to provide the guiding principles and the approach to be followed for determination of legitimate purpose for sharing of UPSI. The policy is enclosed as **Annexure A** to this Fair Disclosure Code.

## 8. **POLICY REVIEW AND AMENDMENTS**

The Board reserves the power to review and amend this Code from time to time. All provisions of this Code would be subject to revision / amendment in accordance with applicable laws as may be issued by relevant statutory, governmental and regulatory authorities, from time to time, provided notice of such amendment is given to the stock exchanges where the securities of the Company are listed. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.

## **Annexure A**

### **Policy for Determination of Legitimate Purposes**

#### **Introduction**

This “Policy for Determination of Legitimate Purposes” hereinafter referred to as the “Policy” is prepared in accordance with Regulation 3(2A) of the Insider Trading Regulations.

#### **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 procuring UPSI relating to the Company. The assessment of whether sharing of UPSI for a particular instance would tantamount to ‘legitimate purpose’ would depend on the specific facts and circumstances of each case. Accordingly, this Policy only sets out the principles that should be considered while assessing if the purpose for which UPSI is proposed to be shared is “legitimate”. Primarily, 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 Insider Trading 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 and/or contractual 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.

#### **Digital Database**

A structured digital database shall be maintained containing the nature of UPSI and the names of such persons or entities with whom information is shared or who has shared such information along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. This digital database should be preserved for a period of not less than eight years after completion of the relevant transactions.

## **Restrictions on Communication and Trading by Insiders**

Any other person with whom UPSI is shared pursuant to a “*legitimate purpose*” shall be considered as an “insider” for purpose of the Insider Trading Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the regulations. The Company shall inform the recipient of UPSI, by way of written intimation and/or contractual agreement, such as confidentiality agreement, that (i) the information being shared is UPSI and that the Company is the exclusive owner of such UPSI; (ii) upon receipt of UPSI, the recipient would be deemed to be an Insider and subject to the provisions of the Insider Trading Regulations, (iii) the recipient must maintain confidentiality of the UPSI at all times, (iv) the recipient may use the UPSI only for the approved purposes for which it was disclosed; (v) the recipient should provide a written undertaking that he/she/it shall not undertake trades in the securities of the Company while in possession of the UPSI, subject to applicable law; and (vi) the recipient must extend all co-operation to the Company, as may be required in this regard.

### **Definitions**

In accordance with this Code, “*Legitimate Purposes*” means sharing of UPSI in 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:

- i. Company’s partners
- ii. Auditors, Accountancy firms, Legal advisors, Merchant Bankers, Consultants
- iii. Collaborators
- iv. Lenders
- v. Customers
- vi. Suppliers
- vii. Insolvency professionals
- viii. Any other advisors/consultants/partners

The Board may review or modify the above definition of legitimate purposes, subject to applicable law.