



# Samrat Pharmachem Limited

Manufacturers & Exporters of Pharmaceutical Chemicals

## Legitimate Purposes For Sharing Unpublished Price Sensitive Information

*Policy on Determination of Legitimate Purpose for Sharing UPSI [Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]*

### (1) Background:

1.1. This Policy on Determination of Legitimate Purpose” (“Policy”) is made pursuant to Regulation 8(1) of Chapter IV of the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015, as amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred as the “SEBI PIT Regulations”).

1.2. Samrat Pharmachem Limited (“the Company”) in the course of its business, shares data or information with various persons such as organizations, agencies, institutions, intermediaries, establishments, persons, etc.

1.3. Some of such unpublished data or information, if made publicly available could have the potential to materially impact the market price of the securities of the listed Company. If such a person trades on the basis of Unpublished Price Sensitive Information (“UPSI”), it could result in an undue advantage through an information asymmetry in the market.

Therefore, the trading in the securities of the Company by an insider is governed by and subject to the SEBI PIT Regulations and the Company’s Code of Conduct to regulate, monitor and report trading by Designated Persons, as amended from time to time.

1.4. For the purpose of this Policy, the term “Unpublished Price Sensitive Information” or “UPSI” means any information relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available (not accessible to the public on a non-discriminatory basis), is likely to materially affect the price of the securities and shall ordinarily including but not restricted to, information relating to financial results, dividends, change in capital structure, mergers, de-mergers, acquisitions, delisting’s, disposals and expansion of business and such other transactions and changes in Key managerial personnel.

In case of any doubt please contact the Internal Committee or the Compliance Officer of the Company who can determine whether any information is UPSI.

### (2) Objective:

The objective of this Policy is to lay down a broad policy for determination of Legitimate Purpose as a part of this Code of Fair Disclosure and Conduct, pursuant to which UPSI may be shared.

### (3) Effective Date:

This Policy has been approved and adopted by the Board on 29th March, 2019 and is effective from 1st April, 2019.

### (4) Terms and Definitions:

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Company’s Code of Conduct to regulate, monitor and report trading by Designated Persons, SEBI PIT Regulations or the Securities and Exchange Board of India Act, 1992, the Securities Contracts



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(Regulation) Act, 1956, the Depositories Act, 2018 or the Companies Act, 2013 and the Rules and Regulations made thereunder, as the case may be including amendments(s) / modification(s) thereto.

## **(5) Policy for determination of Legitimate Purpose:**

5.1. Meaning of “Legitimate Purpose”. The term Legitimate Purpose is not defined under any legal statute. As such, it is a legal standard which is subjective in nature and will need to be tested in each fact and specific instance.

5.2. As per the Black’s Law Dictionary, the term ‘Legitimate’ is defined as complying with the law or lawful, and; the word ‘Purpose’ is defined as an objective, goal, or end; specifically, the business activity that a corporation is chartered to engage in.

Therefore, ‘Legitimate Purpose’ with respect to a corporation means any act which is done in compliance of the law to achieve the goals in furtherance of its business activity.

5.3. In line with clause 2A of Regulations 3 of SEBI PIT Regulations the term ‘Legitimate Purpose’ may be understood as follows:

“Legitimate Purpose” shall mean communicating, providing, sharing or allowing access to UPSI in the ordinary course of business or on a need-to-know basis, when transacting the business of the company in pursuance of its objectives or in pursuit of its interest. It should be satisfied that accessing UPSI shall be relevant to the purported transaction.

Legitimate Purpose shall include but not be limited to sharing of UPSI 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 SEBI PIT Regulations.

5.4. Illustrative list of Legitimate Purposes. In following cases, the sharing of UPSI would be considered as having been shared for a Legitimate Purpose:

(a) 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.

(b) 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.

(c) In compliance with applicable laws, regulations, rules and requirements;

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

(d) Arising out of any contractual obligations entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking;

(e) Sharing the information with intermediaries and fiduciaries such as Auditors, Merchant Bankers, Management Consultants, Partners, Collaborators or Other Advisors or Consultants;

(f) For the purpose of legal, financial or any other professional advice to be obtained or for accounting or audit or for defense to be prepared for court cases;



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(g) For transactions that would entail an obligation to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Takeover Regulations') where the Board of Directors of the Company is of opinion that sharing of such information is in the best interests of the Company.

(h) For a transaction that does not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of opinion that sharing of such information is in the best interests of the Company.

The transaction referred to above may include acquisitions, mergers, amalgamations or any other corporate restructuring, seeking advice in relation to legal aspects involved in such transactions including carrying due diligence of Target/ Merging Companies or seeking advice on commercial aspects including structuring or valuation of such transactions;

The information that constitute UPSI needs to be made Generally Available at least two trading days prior to the proposed transaction being effected in such form as it is adequate and fair to cover all relevant and material facts.

(i) Sharing financial information for preparation of consolidated financial statements of holding Company;

(j) Sharing information with Statutory Auditors, Secretarial Auditors, Internal Auditors or Cost Auditors while obtaining any certificate required for placing any transaction for approval before the Board;

(k) For all those activities done by the Company in furtherance of its objects as listed in its memorandum of association.

5.5. Sharing of UPSI with a malafide intention, for personal gain, or unauthorized disclosure, or to evade or circumvent the provisions of the Regulations etc. would not be considered as legitimate purpose.

## **(6) Process for Sharing UPSI:**

6.1. Any person in receipt of UPSI pursuant to a Legitimate Purpose shall be considered an "insider" for purposes of the SEBI PIT Regulations. Such person is also required to ensure the confidentiality of UPSI shared with him / her, in compliance with the SEBI PIT Regulations and as agreed between the Company and such recipient of information. Therefore, although information may be shared with a person for a Legitimate Purpose, it is shared with the understanding that such information is and will be used only for a Legitimate Purpose.

6.2. The insider shall carry out the following steps while sharing UPSI:

(a) Identify the persons and organizations with whom the information is to be shared and establish the narrowest possible group of recipients;

(b) Notify the recipient that UPSI is being shared and enter into a confidentiality/non-disclosure agreement in the cases covered by Regulation 3(3) or issue a notice in other cases; pursuant to which the recipient will be treated as an insider for the purpose of SEBI PIT Regulations. However, this will not be applicable to requisition of information by a statutory authority in exercise of their powers under any law.

(c) Mode of sharing UPSI shall be either by an email or hard copy or any other electronic mode or device with acknowledgement;

(d) Maintain names of the persons along with PAN (or any other identifier where PAN is not available) with whom information is shared in a digital database. (Requirement of PAN or any other identifier is



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not applicable to statutory requisitions). A digital database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non- tampering of the database and non-leakage of UPSI. This database shall be kept confidential.

(e) The Company shall ensure that it deals with only such market intermediary / every other person including fiduciaries, who are required to handle UPSI, who have formulated a code of conduct as per the requirements of the Regulations.

## **(7) Disclosure of the Policy on Public Domain**

This Policy and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed and also published on the official website of the Company.