

POLICY FOR DETERMINATION OF LIGITIMATE PURPOSE

(Pursuant Sub-regulation (2A) of Regulation 3 to the Securities Exchange Board of India (Prohibition of Insider Trading) amended Regulations, 2018)

SHARP INDIA LIMITED

Registered Office : Gat No. 686 / 4, Koregaon Bhima,

Taluka Shirur, Pune – 412 216

PREAMBLE

1. SEBI with an intention to protect the investors enacted SEBI (Prohibition of Insider Trading) Regulation, 2015 w.e.f. 15 May 2015.
2. SEBI vide notification dated 31 December 2018 brought various amendments to the existing insider regulations. One of the amendments in Regulation 3 (2A) mandates the company to frame a policy for determining of legitimate purposes as a part of Codes of Fair Disclosure and Conduct.
3. the policy for determination of legitimate purpose is approved by Board of Directors in its meeting held on 29th March 2019 and the policy will be effective from 1st April 2019.
4. Any subsequent modification and / or amendments brought about by the Regulations shall automatically apply to the Code of Fair Disclosure.

Accordingly, a policy is framed as under.

1) Legitimate purpose:

Legitimate Purpose shall include **sharing of unpublished price sensitive information** in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers,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

2) Unpublished Price Sensitive Information (UPS):

"Unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon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:

- 1) Financial results;
- 2) Dividends;
- 3) Change in capital structure;
- 4) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- 5) changes in key managerial personnel;
- 6) Any other matter as may be prescribed under the Listing Regulations and/or Corporate Law to be price sensitive, from time to time.

3) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

3) Issue of Notice to the recipient of unpublished price sensitive information

Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered an insider for purposes of this Code and due notice shall be given or confidentiality / non-disclosure agreement will be signed with such persons:

- i. To make aware such person that the information shared is or would be UPSI
- ii. To instruct such person to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- iii. if required an undertaking shall be taken from the person that it executes and arrangement with the other person who shall deal with him in regards to such unpublished price sensitive information like its employees, office staff and other agencies etc.
- iv. Any and all the information share, provided, submitted to such person shall be considered as unpublished price sensitive information with marked as confidential or not except the information is already available in public domen.

4. The unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–

- (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that sharing of such information is in the best interests of the company.
- (ii) not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the listed company is of informed opinion that sharing of such information is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine to be adequate and fair to cover all relevant and material facts.

5. Digital Database of recipient of unpublished price sensitive information

An structured digital database will be maintained containing the following details of such persons or entities as the case may be with whom unpublished price sensitive information is shared for legitimate purpose.

- i. Name of such recipient of UPSI
- ii. Name of the Organization or entity to whom the recipient represent.
- iii. Permanent Account Number (PAN) or any other identifier authorized by law, if PAN is not available.

Adequate and effective system of internal controls will also be laid out to secure the database. Documents containing the UPSI information shall be kept secured.

This Policy is subject to review from time to time.
