

# **SHAKTI PUMPS (INDIA) LIMITED**

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## **CODE FOR FAIR DISCLOSURE OF UPSI AND POLICY ON DETERMINATION OF LEGITIMATE PURPOSE**

### **1. Background**

The Company shares data or information with various stakeholders like organizations, agencies, institutions, intermediaries, establishments, persons, etc., during the course of its business operations.

Such unpublished data or information, if made publicly available may materially impact the market price of the listed securities of the Company.

If such person's trade on the basis of unpublished price sensitive information ('**UPSI**'), it could result in an undue advantage to such persons. The trading in the securities of the Company by an insider is governed by and subject to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('**Regulations**') as amended from time to time and the "The Company's Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives" and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information ('**Code**').

This "**Policy on Determination of Legitimate Purpose**" ('**Policy**') is framed by the Board of Directors of the Company pursuant to the amendment in the Regulations, in 2018 and is part of "The Company's Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives" and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information. (*Regulation 3(2A) and 3(2B)*)

This policy is adopted by the Board of Directors of Shakti Pumps (India) Limited, at its meeting held on 2<sup>nd</sup> May, 2022.

### **2. Applicability** (*As specified in Code*)

This Code shall apply in relation to disclosure by the Company of UPSI. The scope, exceptions as given in Applicable Law shall be applicable for the purpose of this Code as well.

### **3. Definitions**

(a) "**Connected Person**" means Connected Person as defined under Regulations and shall also include promoters and their directors and key managerial personnel. (*Regulation 2(1)(d)*).

(b) "**Chief Investor Relations Officer**" the Company Secretary and Compliance Officer (Compliance Officer as defined under SEBI (PIT) Regulations) of the Company has been appointed as Chief Investor Relations Officer, who shall act as the Chief Investor Relations Officer for the purpose of dealing with dissemination of Information and disclosure of UPSI as contained herein.

(c) "**Insider**" means any person who is

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i) a Connected Person or

ii) in possession of or having access to Unpublished Price Sensitive Information. (*Regulation 2(1)(g)*)

(d) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

(e) **"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, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

(i) Financial results;

(ii) dividends;

(iii) change in capital structure;

(iv) mergers, de-mergers, acquisitions, de listings, disposals and expansion of business and such other transactions;

(v) changes in key managerial personnel;

(vi) [such other information as determined by the Board of Directors/Chief Executive Officer/Chief Operating Officer/Chief Financial Officer from time to time. (*Regulation 2(1)(n)*)

## **4. Prompt Disclosure:**

The Company shall ensure to make prompt public disclosure of unpublished price sensitive information that would impact price discovery, as soon as credible and concrete information comes into being in order to make such information generally available i.e. to make the information accessible to the public on a non-discriminatory basis.

## **5. Uniform and Universal Dissemination:**

The Company shall ensure uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure of the same.

Unpublished price sensitive information shall be immediately disclosed/disseminated to Stock Exchanges so that information is generally available through publication on the website of stock exchanges. It will be ensured that no selective disclosure of unpublished price sensitive information is made by making prompt, uniform and universal dissemination of unpublished price sensitive information.

In case unpublished price sensitive information gets disclosed selectively, inadvertently or otherwise, the Chief Investor Relations Officer shall ensure that such information is promptly disseminated to make such information generally available through publication on the website of stock exchanges.

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## **6. Sharing of information with analysts and research personnel:**

Whenever research analyst/research personnel meet or call is organized, Chief Investor Relations Officer shall be informed about such meet/call to ensure that information shared

with analysts and research personnel is not unpublished price sensitive information and the Company is developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website of the Company to ensure official confirmation and documentation of disclosures made, unless such unpublished price Sensitive Information is generally available information.

## **7. Chinese-wall:**

Personnel working in concerned departments of the Company which are handling unpublished price sensitive information should not share such unpublished price sensitive information with personnel of other departments of the Company or with outsiders except on a need-to-know basis

## **8. Role of the Chief Investor Relations Officer:**

- 1) Dealing with universal dissemination and disclosure of UPSI.
- 2) Determination of questions as to whether any particular information amounts to UPSI.
- 3) Determination of response, if any, of the Company to any market rumor in accordance with this Code.
- 4) Dealing with any query received by any Insider about any UPSI.
- 5) Providing advice to any Insider as to whether any particular information may treat as UPSI.

If an Insider receives a query about any UPSI related to the Company, he shall not comment on the same and shall forward such query to the Chief Investor Relations Officer. The Chief Investor Relation Officer shall deal with such query in accordance with Applicable Law and this Code in consultation with Managing Director or CEO of the Company.

## **9. The Compliance Officer shall maintain record of the details of the recipients including their PAN, address etc. of UPSI on legitimate purpose including the following:**

- a. Whether the concerned UPSI is required to be shared?
- b. Why the information is required by the recipient?
- c. Who had shared the UPSI and whether he was authorised to do so?
- d. Whether the Compliance Officer was intimated before such sharing of UPSI?
- e. Whether non-disclosure agreements were signed?
- f. Whether notice to maintain confidentiality of the shared UPSI has been given?

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## **10. Disclosure Policy**

The Company shall ensure:

- 1) prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- 2) uniform and universal dissemination of UPSI to avoid selective disclosure.
- 3) If an Insider 'selectively' discloses any UPSI to any person including the Selected Group of Persons then prompt disclosure of such information shall have to be made by the Chief Investor Relations Officer to the public, Such disclosure must be made not later than 48 hours after the Chief Investor Relations officer learns that communication or such UPSI has taken place.
- 4) that information shared with analysts and research personnel is not UPSI.
- 5) develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on official website to ensure official confirmation and documentation of disclosures made.
- 6) Subject to Applicable Law methods of public disclosure of information to ensure uniform distribution shall include either of the following-
- 7) Distributing through Press Releases in newspapers or media including electronic media.
- 8) Filing with the Stock Exchanges,
- 9) Any other method that ensures wide distribution of the news such as webcasts and webinars.
- 10) Uploading the information on the website of the company.

## **11. Legitimate Purpose**

“Legitimate Purpose” shall mean sharing of UPSI in the ordinary course of business or on a need-to-know basis. The Company may share the UPSI if required in the interest of the Company.

Legitimate Purpose shall inter-alia include sharing of UPSI on need-to-know basis by an insider with

- a. partners,
- b. collaborators,
- c. lenders,
- d. customers,
- e. suppliers,
- f. merchant bankers,
- g. legal advisors,
- h. auditors,
- i. insolvency professionals or other advisors or consultants,

provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations. (*Regulation 3(2A) and 3(2B)*).

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In following cases which are illustrative in nature, sharing of UPSI would be considered as legitimate purpose:

- i. For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized bylaw;

*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.*

- ii. 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.*

- iii. As part of compliance with applicable laws, regulations, rules and requirements;

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

- iv. Arising out of any contractual obligations or arrangement entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking.

*Example: Due-diligence for any kind of restructuring, namely mergers & acquisitions, joint venture agreements, share purchase agreements, franchisee agreement, etc.*

- v. Arising out of business requirement including requirement for the purposes of promoting the business and Strategies of business. Which may requires sharing of information with Promoters and Promoters inturn with their Promoters on need-to-know basis.

*Example: Some of the examples which are illustrative in nature are asmentioned below;*

- 1) Sharing the relevant UPSI by Company or Promoter(s) for advice, consultation, valuation, fund raising or other intermediation and approvals in relation to the subject matter of a proposed deal/assignment/tie-up/venture/fundraising; Sharing the relevant UPSI by Company or Promoter(s) with intermediaries, fiduciaries, merchant bankers, advisors, lawyers, bankers, consultants, valuers, auditors, insolvency professionals, business support agents, transaction processing service providers in order to avail professional services from them; Sharing the relevant UPSI by Company or Promoter(s) for advice, consultation, transaction support, intermediation and approvals on projects relating to enterprise transformation, strategy, change management, analytics, re-organization, operation improvement, technology and similar domains;
- 2) Sharing the relevant UPSI by Company or Promoter(s) with business partners essential to fulfill the terms and conditions of a business contract with a client, vendor, collaborator or lender;
- 3) Sharing the relevant UPSI by Company or Promoter(s) for advice, consultation, transaction support, intermediation and approvals in the process of evaluation of new products, business opportunities and new lines of business;

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4) Sharing the relevant UPSI by Company or Promoter(s) for statutory consolidation requirements or related customary disclosure obligations;

5) Sharing the relevant UPSI by Company or Promoter(s) 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;

Any person in receipt of UPSI pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of the Regulations and shall comply with the Code.

## **12. Process for Sharing of UPSI for Legitimate Purpose:**

The insider shall conduct the following steps while sharing UPSI:

- i) Satisfy that information is UPSI and sharing is for legitimate purpose
- ii) Identify the persons with whom the information is to be shared
- iii) Notify the recipient that UPSI is being shared and enter into a confidentiality / non-disclosure agreement.
- iv) Mode of sharing UPSI shall be either by an email (address directly to the insider without copying) or hard copy or any other electronic mode or device or provide access to the information, data, server with acknowledgement.
- v) Maintain names of the persons along with PAN (or any other identifier where PAN is not available) with whom information is shared. The database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. This database shall be kept confidential.

## **13. System Audit**

There should be periodic audit once in a year to ensure the integrity of the system and data maintained.

## **14. Policy Review**

The Policy shall be reviewed periodically in accordance with review of internal control and check as well as changes or any regulatory requirements from time to time.

In the events of inconsistency of this Policy with any legal provisions, the provisions of the law shall override this, Policy.

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## ***Legitimate Purpose referred to in the SEBI (Prohibition of Insider Trading) Regulations, 2015 Regulation 3:***

(1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or **proposed to be listed**, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

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

(2A) The board of directors of a listed company shall make a policy for determination of **“legitimate purposes”** as a part of “Codes of Fair Disclosure and Conduct” formulated under regulation 8.

**Explanation**–“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.

(2B) Any person in receipt of unpublished price sensitive information pursuant to a **“legitimate purpose”** shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.