

DANGEE DUMS LIMITED

**POLICY ON DETERMINATION
OF LEGITIMATE PURPOSE**

Introduction:

The Policy is being framed in compliance with the requirement stipulated under Regulation 3(2A) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the Regulations), for determination of legitimate purposes.

The Policy shall form part of the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct framed under Regulations 8 and 9 of the Regulations.

This policy is effective from April 1, 2019.

Applicability:

This policy is applicable to all the insiders as defined in the Code.

Definitions:**1) “Connected Person” means:**

- A. any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
- B. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
 - a) an immediate relative of connected persons specified in clause (i); or
 - b) a holding company or associate company or subsidiary company; or
 - c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
 - d) an investment company, trustee company, asset management company or an employee or director thereof; or
 - e) an official of a stock exchange or of clearing house or corporation; or
 - f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - g) a member of the Board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - i) a banker of the Company; or
 - j) a concern, firm, trust, Hindu Undivided Family, Company or Association of Persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

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2) **“Immediate Relative”** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.

3) **“Insider”** means any person who,

A. a connected person; or

B. in possession of or having access to unpublished price sensitive information.

Insider includes Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company and such other persons as may be determined and informed by the Compliance Officer from time to time.

4) **“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 including but not restricted to, information relating to the following:

A. financial results;

B. dividends;

C. change in capital structure;

D. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;

E. changes in key managerial personnel; and

Without prejudice to the generality of the foregoing, Material events includes all the events specified in Regulation 30 read with Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

5) 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 interalia include sharing of UPSI on need to know basis 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 Regulations. (Regulation 3(2A) and 3(2B))

In following cases, 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 by law;

ii. Under any proceedings or pursuant to any order of courts or tribunals;

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

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 in turn with their Promoters on need to know basis. Example: Some of the examples which are illustrative in nature are as mentioned below;

>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/fund raising;

> 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;

> 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; □

> 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; □

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

>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.

Process for sharing UPSI

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 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.

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.

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
