Policy for determination of legitimate purposes

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Objective

The objective of this "Policy for determination of legitimate purposes" ("**Policy**") is to develop practices for responsible treatment of Unpublished Price Sensitive Information and its sharing in the ordinary course of business.

Background

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, effective from April 1, 2019, requires the board of directors of a listed company to make a policy for determination of "legitimate purposes" as a part of "Codes of Fair Disclosure and Conduct" formulated under regulation 8 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "**Regulations**"), as amended.

Considering the requirements of sub-regulation 2A of regulation 3 of the Regulations, the Company has formulated this Policy for determination of "legitimate purposes". The Policy is a part of the "code of practices and procedures for fair disclosure of unpublished price sensitive information", as adopted by the Board of Directors.

Definition

(i) "**Act**" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).

(ii) "**Board of Directors**" means the Board of Directors of ICRA Limited, as constituted from time to time.

(iii) "**Company**" means ICRA Limited;

(iv) "**Connected Person**" means:

(i) any person who is or has during the six months prior to the concerned act been associated with the 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himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access; and

(ii) 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 of the 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 a 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 SEBI; 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.

(v) **"Director"** means a Director appointed to the Board of Directors of the Company;

(vi) "**Generally Available Information**" means information that is accessible to the public on a non-discriminatory basis and "Generally Available" means accessible to the public on a non-discriminatory basis.

(vii) "**Insider**" means any person who is:

a. a Connected Person; or
b. in possession of or having access to Unpublished Price Sensitive Information; or
c. in receipt of unpublished price sensitive information pursuant to a "legitimate purpose".

(viii) "**Key Managerial Personnel**" means a person as defined under Section 2(51) of the Companies Act, 2013.

(ix) "**Promoter**" shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

(x) "**Promoter Group**" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

(xi) "**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.

(xii) "**Subsidiary**" shall mean a subsidiary as defined under the Companies Act, 2013.

(xiii) "**Unpublished Price Sensitive Information**" means any information, relating to the 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.

Words and expressions used and not defined in the Regulations and this Policy but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

Determination of legitimate purposes

Legitimacy of any action under which Unpublished Price Sensitive Information is communicated/ procured remains largely subjective and can only be determined after having examined circumstances under which the information was dealt.

The term "legitimate purpose" shall include sharing of Unpublished Price Sensitive Information in the ordinary course of business by an insider with Promoters or Promoter Group of the Company, 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 and this Policy. The Unpublished Price Sensitive Information shall be shared with any Insider on 'need to know' basis only and such Insiders shall share the Unpublished Price Sensitive Information with the external agencies only in the interest of the Company and/or in compliance with the requirements of the applicable law and this Policy.

Unpublished Price Sensitive Information shall be handled within the Company on a need-to-know basis, and the same should be disclosed only to those who need such information to discharge their duties or legal obligations by virtue of their respective role and function, whose possession of such information will not give rise to a conflict of interest or appearance of misuse of such information.

A person shall consider the following factors while procuring from or sharing with or causing the communication by an Insider of Unpublished Price Sensitive Information :

(i) furtherance of legitimate purposes;
(ii) ordinary course of business;
(iii) performance of duties;
(iv) discharge of legal obligations; or
(v) need-to-know.

Provided such procuring or sharing or communicating shall not be carried out to evade or circumvent the prohibitions of the Regulations and this Policy.

Scope of information

The following information shall fall within the scope of this Policy:

a. Unpublished Price Sensitive Information;
b. Material information and deemed material information, as specified in regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**");
c. Any other information that is likely to affect business of the Company.

The Board of Directors may determine what may or may not be "legitimate purposes" based on the Company's business/industry related needs.

The Company shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under the Regulations along with the Permanent Account Number ("**PAN**") or any other identifier authorized by law where PAN 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.

Further, while sharing Unpublished Price Sensitive Information for "legitimate purpose", the Company should serve a notice on, or sign a confidentiality/non-disclosure agreement with, the person with whom Unpublished Price Sensitive Information is shared, informing to ensure the compliance of the Regulations and this Policy while in possession of Unpublished Price Sensitive Information shared.

Amendments/Modifications

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Regulations or the Listing Regulations, or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Regulations or the Listing Regulations or such applicable law, then the provisions of the Companies Act, 2013 or the Regulations or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such change.

The Board of Directors of the Company may, subject to applicable laws, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy. The Board of Directors may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

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