

SHREE HARI CHEMICALS EXPORT LIMITED

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 Such unpublished data or information, not publicly available may materially impact the market price of the listed securities of the Company resulting in undue advantage and profits to the persons in possession of such unpublished price sensitive information ('**UPSI**'). 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 Company's Code of Conduct for Prevention of Insider Trading and Code for Corporate Disclosure Practices.

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 "**Company's Code of Corporate Disclosure Practices**" ('**Code**'). (**Regulation 3(2A) and 3(2B)**)

This policy is effective from April 1, 2019.

2. Applicability (As specified in Code)

This policy is applicable to all Insiders.

3. Definitions

(a) "**Connected Person**" means Connected Person as defined under SEBI Regulations 2015. (**Regulation 2(1)(d)**)

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

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- ii) in possession of or having access to Unpublished Price Sensitive Information.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

- (c) "**Unpublished price sensitive information**" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which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: –
- (i) financial results;
 - (ii) dividends;
 - (iii) change in capital structure;
 - (iv) mergers, de-mergers, acquisitions, delistings, 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. Legitimate Purpose

“Legitimate Purpose” shall mean sharing of UPSI in the ordinary course of business or on a need-to-know basis.

Legitimate Purpose shall include 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 these 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;
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. In 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 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.

At any time sharing of information for legitimate purposes shall not be carried out to evade or circumvent the prohibitions of the Code and/ or Regulations.

Sharing of UPSI with a mala fide intention, for personal gain, quid pro quo transactions or unauthorized disclosure, etc. would not be considered as legitimate purpose.

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.

5. 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) Ensure that a confidentiality notice is given to such persons and they are notified that UPSI is being shared and the need to maintain confidentiality of such UPSI
- iv) Mode of sharing UPSI shall be either by an email or hard copy or any other electronic mode or device 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

6. Policy Review

The Policy shall be reviewed periodically in accordance with 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.