

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 Such unpublished data or information, not publicly available may materially impact the market price of the listed securities of the Company resulting in undue advantage and profits to the persons in possession of such unpublished price sensitive information ('**UPSI**').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 2025 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. The policy was amended with effect from May 15, 2026.

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- ii) in possession of or having access to Unpublished Price Sensitive Information (**Regulation 2(1)(g)**)

- (c) **"Unpublished price sensitive information"** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which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, award or termination of order/contracts not in the normal course of business and such other transactions and such other transactions;
 - (v) changes in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
 - (vi) Change in rating(s), other than ESG rating(s);
 - (vii) fund raising proposed to be undertaken;
 - (viii) agreements, by whatever name called, which may impact the management or control of the company;
 - (ix) Fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
 - (x) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions
 - (xi) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016
 - (xii) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
 - (xiii) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
 - (xiv) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
 - (xv) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
 - (xvi) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Explanation 1- For the purpose of sub-clause (ix):

- a. 'Fraud' shall have the same meaning as referred to in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

- b. 'Default' shall have the same meaning as referred to in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Explanation 2- For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the Board from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable.

- (xvii) 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.