

Himadri Speciality Chemical Ltd

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

[See sub-regulation (1) of regulation 8]

With effect from 1st April, 2019



1. Introduction:

- 1.1 The Securities and Exchange Board of India (“SEBI”) vide its’ Notification dated 31, December 2018 has amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”) those shall be called as the Securities and Exchange of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which is effective from April 1, 2019.
- 1.2 Pursuant to Regulation 8 of the Regulations, Himadri Speciality Chemical Ltd (HSCL) is required to formulate a code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Fair Disclosure Code”).
- 1.3 Accordingly the Board of Directors of HSCL has formulated the Fair Disclosure Code.

2. Scope:

This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule-A of Insider Trading Regulations.

This Code ensures timely and adequate disclosure of UPSI which would impact the price of its securities and to maintain uniformity, transparency and fairness in dealing with all its stakeholders.

HSCL is committed to timely and accurate disclosure based on applicable legal and regulatory requirements.

The Fair Disclosure Code is subject to review by the Board of Directors as and when deemed necessary.

3. Terms and Definition:

Words and expressions used but not defined in this Code shall have the same meaning assigned to them in the SEBI (Prohibition of Insider Trading) Regulations, 2015 or the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be or in any amendment thereto.



4. Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information:

- a. Prompt public disclosure of unpublished price sensitive information (UPSI) that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- b. Uniform and universal dissemination in timely manner of unpublished price sensitive information to avoid selective disclosure by communicating the same to the stock exchange(s) and disclosing the same on its website.
- c. The Company Secretary has been designated as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
- d. Promptly disseminate of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- e. Provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
- f. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
- g. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
- h. Handling of all unpublished price sensitive information on a need-to-know basis.

The Board of Directors pursuant to Regulation 3(2A) of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 w.e.f. 1 April, 2019 has made a policy for determination of "legitimate" purposes" as a part of the "Code of Fair Disclosure and Conduct" formulated under Regulation 8 and the same is enclosed as Annexure "A" hereto.



Policy for Determination of "legitimate purposes"

Definitions:

"Company" means **Himadri Speciality Chemical Ltd**

"Board of Directors" means as defined in the Companies Act, 2013;

"UPSI" means Unpublished Price sensitive Information;

"Act" means the Securities and Exchange Board of India Act, 1992;

"Board" means the SEBI;

"Insider" means as defined in Regulation 2(g) of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2018;

1. Communication or procurement of Unpublished Price Sensitive Information (UPSI)

No Insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to the Company or its' 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.

Explanation: This provision is intended to cast an obligation on all insiders.

2. Purposes of Communication of Unpublished Price Sensitive Information (UPSI)

No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to the Company or its' securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Explanation: This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information.

3. "Legitimate Purposes" – Defined

What constitute a legitimate purposes for possessing of Unpublished price sensitive information has been defined in Explanation to Regulation 2A of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same has been reproduced hereunder:-

The term "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.

4. Recipient of UPSI for "Legitimate Purposes" shall be considered as an Insider

Any person who is in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered as an "insider " for the purposes of these



regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with these regulations.

5. Sharing of UPSI in the best interest of the Company

Notwithstanding anything contained in these regulations, an unpublished price sensitive information may be communicated, provided, allowed to access to or procured, in connection with a transaction that would :-

- (i) entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of opinion that sharing of such information is in the best interest of the Company;

Explanation: It is intended to acknowledge the necessity of communicating, providing, allowing, access to or procuring of UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to access a potential investment.

In an open offer under the takeover regulations, not only would be the same price made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.

- (ii) not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interest of the Company and the information that constitute UPSI is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of directors may determine to be adequate and fair to cover all relevant material facts.

Explanation: It is intended to permit communicating, providing, allowing access to or procuring of UPSI also in transactions that do not entail an open offer obligation under the takeover regulations when authorized by the board of directors, if sharing of such information is in the best interest of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.

6. Agreement of Confidentiality – Non-disclosure of UPSI

In case the Board of Directors, considers that sharing UPSI is in the best interest of the Company, shall require the parties to execute agreements or contracts of confidentiality and non-disclosure obligation on part of such parties and such parties shall keep information so received confidential, except used for the purpose of legitimate objectives and shall not otherwise trade in securities of the Company when in possession of UPSI.

7. Maintenance of digital database

The board of director 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 these regulations along with PAN or any other identifier authorized by the law where PAN is not available. Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tempering of the database.

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Savings: In case of any of the provisions of this code/policies are not in consistent with the SEBI Regulations then the SEBI (PIT) Regulation, 2015 (Amended) shall prevail.



For Himadri Speciality Chemical Ltd

[Handwritten Signature]

Managing Director
DIN: 00173792

29/03/2019