



Gem Aromatics Limited

(Formerly Known as Gem Aromatics Pvt. Ltd.)

Manufacturers & Exporters of Essential Oils & Aromatics Chemicals

Registered Office: A/410-411, A-Wing, Kailash Ind. Complex, Powai Vikhroli link Rd,
Vikhroli West, Mumbai-400079. Maharashtra, India,
Tel No: +91-25185231/25185931 CIN: U24246MH1997PLC111057

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Policy on Determination of Legitimate Purpose

[Under Regulation 3(2A) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

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 Such unpublished data or information, if made publicly available, may materially impact the market price of the listed securities of the Company. If such person's trade on the basis of unpublished price sensitive information ('UPSI'), it could result in an undue advantage to such persons. 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 PIT Code of Conduct of the Company.

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to the amendment in the Regulations, in 2018 and is part of "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information".

2. APPLICABILITY

This Policy shall apply to all Insiders

3. DEFINITIONS

Words and expressions used and not defined in this Code shall have the same meaning assigned to them in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) including Company's Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons, Company's Code of Fair Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996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, to the extent relevant in connection with this Code, as the case may be or in any amendment thereto.





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4. LEGITIMATE PURPOSE

- a) "Legitimate Purpose" shall mean sharing of UPSI in the ordinary course of business or on a need-to-know basis.
- b) What shall constitute "legitimate purpose" and what shall not constitute "legitimate purpose" will be based on the business-related needs of the Company. In general, legitimate purpose shall, inter-alia, include the following purposes:
- Contractual Obligations in the ordinary course of business;
 - Business Strategies ;
 - Regulatory Obligations;
 - Audits performed in compliance with any regulations;
 - Need based specific purposes; and
 - Secretarial Compliances.
- c) Legitimate Purpose shall *inter alia* 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.
- d) In following cases which are illustrative in nature, sharing of UPSI would be considered as legitimate purpose:
- 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.
 - 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.
 - As part of compliance with applicable laws, regulations, rules and requirements;
Example: Company Law, Securities Law, Income Tax Law, Banking Law, etc.
 - Application to any statutory or regulatory authority for seeking its approvals.
 - Arising out of any contractual obligations or arrangement entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking.

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Corporate Office: A/503, Kailash Ind. Complex, Powai Vikhroli link Rd, Vikhroli (W), Mumbai, Maharashtra, India, Pin # 400079.

Facility 1: Plot No 2, Survey No.16/4/2, Near Alok Industries, Village Rakholi, Silvassa, Dadra & Nagar Haveli, Pin # 396230.

Facility 2: Khasara No 8,9,10,126, Village Gathona, Ujhani Budaun Road, District: Budaun, UP, India, Pin # 243639.

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Example: Due diligence for any kind of restructuring, namely mergers & acquisitions, joint venture agreements, share purchase agreements, franchisee agreements, etc.

- vi. Arising in the ordinary course of business including for the purposes of promoting the business and strategies of business, which may require sharing of information with Promoters and their authorized employees (“Promoters”), and Promoters in turn with their Promoters as well as by Promoters with their advisors, consultants, intermediaries, fiduciaries etc.
 - vii. Sharing the relevant UPSI by Company or Promoters 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.
 - viii. Sharing the relevant UPSI by Company or Promoters 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.
 - ix. Sharing the relevant UPSI by Company or Promoters 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;
 - x. Sharing the relevant UPSI by Company or Promoters with business partners essential to fulfill the terms and conditions of a business contract with a client, vendor, collaborator or lender;
 - xi. Sharing the relevant UPSI by Company or Promoters for advice, consultation, transaction support, intermediation and approvals in the process of evaluation of new products, business opportunities and new lines of business;
 - xii. Sharing the relevant UPSI by Company or Promoters for statutory consolidation requirements or related customary disclosure obligations;
 - xiii. Sharing the relevant UPSI by Company or Promoters 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;
- e) 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.
- f) CIRO shall determine in case of questions as to whether sharing of any UPSI would amount to Legitimate Purpose or not.

(Handwritten signature)

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5. PROCESS FOR SHARING UPSI

The insider may conduct the following steps while sharing UPSI:

- Satisfy that information is UPSI and sharing is for legitimate purpose.
- Identify the persons with whom the information is to be shared.
- Notify the recipient that UPSI is being shared and enter into a confidentiality/non-disclosure agreement and intimation of confidentiality to be given every time UPSI is getting shared.
- Mode of sharing UPSI shall be either by an email (addressed directly to the insider without marking copies) or hard copy or any other electronic mode or device or provide access to the information, data, server with acknowledgement.
- Maintain names of the persons along with PAN (or any other identifier authorized by law 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.

6. 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 event of inconsistency between this Policy and any law that is in force, the provisions of the law shall override the provisions of this Policy.

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