

**CODE OF CONDUCT TO REGULATE
MONITOR AND REPORT TRADING BY DESIGNATED PERSONS AND THEIR
IMMEDIATE RELATIVES**

BACKGROUND:

The Securities and Exchange Board of India ("SEBI") vide its Circular dated 15th January, 2015, has introduced the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 ("PIT Regulations"), to be effective from 120th day from the date of publication of the PIT Regulations in the Official Gazette.

The PIT Regulations provides for the formulation of a Code of Conduct for Regulating, Monitoring and Reporting of trading by Designated Persons and their immediate relatives. Accordingly, this Code is formulated which shall be effective from May 15, 2015.

1. DEFINITIONS

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

"Board" or "SEBI" means the Securities and Exchange Board of India.

"Code" or "Code of Conduct" shall mean this Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and their immediate relatives formulated by Caprolactam Chemicals Limited as amended from time to time.

"Company" means Caprolactam Chemicals Limited.

"Compliance Officer" means the Company Secretary of the Company or such person as may be designated by the Board of Directors of the Company from time to time, who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in the PIT Regulations under the overall supervision of the Board of Directors of the Company.

"Connected Person" means:

- (i) any person who is or has during the six months prior to the concerned act been associated with a 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permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

- (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 1.6 (i) above; or
 - (b) a holding company or associate company or subsidiary 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 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 the Board; 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.

“Designated Person” shall mean:

- (i) Every Promoter of the Company and any person forming part of Promoter Group;
- (ii) Every Director of the Company and that of its Material Subsidiary(ies);
- (iii) Every employee in the grade of Assistant General Manager and above of the Company and that of the Material Subsidiary(ies) of the Company;
- (iv) Executive Assistants / Secretaries, if any, of all employees in the category of Assistant General Managers and above of the Company and that of the Material Subsidiary of the Company. Every employee in the Finance, Accounts, Secretarial & Legal, Strategy and Information Technology department of the Company and that of its Material Subsidiary and such other employees as may be determined and informed by the Compliance Officer; and
- (v) Any other employee as may be determined and defined in the PIT Regulations.

“Director” means a member of the Board of Directors of the Company.

"Employee" means every employee of the Company including the Directors in the employment of the Company.

"Generally available Information" means information that is accessible to the public on a non-discriminatory basis.

"Immediate Relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.

"Insider" means any person who is:

- (i) a connected person; or
- (ii) in possession of or having access to Unpublished Price Sensitive Information.

"Key Managerial Person" means person as defined in Section 2(51) of the Companies Act, 2013.

"PIT Regulations" shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto from time to time.

"Promoter" 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.

"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.

"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.

"Takeover Regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.

"Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

"Trading Day" means a day on which the recognized stock exchanges are open for trading.

"Unpublished Price Sensitive Information" or UPSI 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; and
- (v) Changes in Key Managerial Personnel;

Words and expressions used and not defined in this Code but defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, shall have the meanings respectively assigned to them in the said PIT Regulations.

2. ROLE OF COMPLIANCE OFFICER

The Compliance Officer shall report on insider trading to the Board of Directors of the Company and shall provide reports to the Chairman of the Audit Committee on an annual basis at a meeting of Audit Committee held immediately after close of the financial year.

The Compliance Officer shall assist all employees in addressing any clarifications regarding the PIT Regulations and the Company's Code of Conduct.

3. PRESERVATION OF "UNPUBLISHED PRICE SENSITIVE INFORMATION"

All information shall be handled within the Company on a need-to-know basis and no Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Explanation: For the purpose of above Clause, legitimate purpose shall mean sharing of Unpublished Price Sensitive Information by the Company with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants in its ordinary course of business.

The Company shall however, in no circumstances share such information solely for the purpose of evading the compliances under PIT regulations or circumventing the prohibitions of PIT regulations.

Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the Takeover Regulations where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company; or
- not attracting 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 interests of the Company and the information that constitute Unpublished Price Sensitive Information 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 and material facts.

However, the Board of Directors of the Company shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

Need to Know:

“need to know” basis means that Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty(ies) and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

All non-public information directly received by any employee should immediately be reported to the Head of the Department.

Limited access to Unpublished Price Sensitive Information.

Files containing Unpublished Price Sensitive Information shall be kept secure. Computer files must have adequate security of login and password, etc.

Chinese Wall

To prevent the misuse of UPSI or confidential information, the Company shall adopt a "Chinese Wall" principle which separates those areas of the Company which routinely have access to UPSI or confidential information, considered "inside areas" from those areas which deal with sale/marketing/investment advise or other departments providing support services, considered "public areas".

The Employees in the inside area shall not communicate any Unpublished Price Sensitive Information to anyone in public areas.

The Employees in inside areas may be physically segregated from Employees in public areas.

Demarcation of the various departments as inside area(s) may be implemented by the Company.

In exceptional circumstances, Employees from the public areas may be brought "over the wall" and UPSI can be shared with such Employees on the basis of "need to know" principle, under intimation to the Compliance Officer.

Digital database of Information

The Board of Directors shall ensure that a structured digital database is maintained containing the nature of UPSI, names of such persons who have shared UPSI and also the names of such persons with whom UPSI is shared under the PIT Regulations along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Designated Persons shall be required to disclose names, PAN or other identifier authorised by law, Phone, mobile and cell number, of the following persons, to the Company on an annual basis and as and when the information changes:

- i) Immediate Relatives;
- ii) Person with whom such Designated Person has material financial relationship; and

In addition, the names of educational institution from which Designated Persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Explanation: The term material financial relationship shall mean a relationship in which one person is a recipient of any kind of payment such as by way of loan/gift from a Designated Person during immediate preceding 12 months, equivalent to at least 25% of the annual income of such Designated Person but shall exclude relationships in which the payment is based on arm's length transactions.

4. PREVENTION OF MISUSE OF "UNPUBLISHED PRICE SENSITIVE INFORMATION"

Designated Persons and their immediate relatives shall be governed by this Code governing dealing in securities.

Trading Plan:

An Insider shall be entitled to formulate a Trading Plan for dealing in Securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

Trading Plan shall:

- (i) not entail commencement of trading on behalf of the Insider earlier than six months from the public disclosure of the plan;
- (ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than 12 (twelve) months;

- (iv) not entail overlap of any period for which another trading plan is already in existence;
- (v) set out either the value of trades to be effected or the number of Securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- (vi) not entail trading in securities for market abuse.

The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the PIT Regulations.

The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the Trading Plan.

However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any Unpublished Price Sensitive Information and the said information has not become generally available at the time of the commencement of implementation of such Trading Plan. The commencement of the Trading Plan shall be deferred until such Unpublished Price Sensitive Information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in Securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

Upon approval of the Trading Plan, the Compliance Officer shall notify the Trading Plan to the Stock Exchanges on which the Securities of the Company are listed.

5. TRADING WINDOW AND WINDOW CLOSURE

- (i) All the Designated Persons and their Immediate Relatives shall be subject to trading restrictions as enumerated below.
- (ii) The Trading Window shall be, inter alia, closed 7 days prior to the date of event and up to 48 hours after Unpublished Price Sensitive Information becomes generally available. The Compliance Officer will inform all the concerned persons of the opening and closing of Trading Window.

For the purpose of Financial Results of the Company, the Trading Window shall be closed from the end of every quarter till 48 hours after the declaration of Financial Results of the Company.

- (iii) When the Trading Window is closed, the Designated Persons and their Immediate Relatives shall not trade in the Company's Securities during such period.

- (iv) The Designated Persons and their Immediate Relatives shall conduct all their dealings in the Securities of the Company only in a valid Trading Window and shall not deal in any transaction involving the purchase or sale of the Company's Securities during the periods when the Trading Window is closed, as referred to in Point No. (ii) above or during any other period as may be specified by the Company from time to time.

The Compliance Officer shall intimate the closure of Trading Window to all such Designated Persons when he determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such Securities to which such Unpublished Price Sensitive Information relates.

The Compliance Officer after taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the Trading Window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.

The restrictions of trading in the Securities of the Company during closure of Trading Window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

6. PRE-CLEARANCE OF TRADES

The Designated Persons and their Immediate Relatives, who intend to deal in the securities of the Company when the Trading Window is open and the number of equity shares proposed to be traded of value 3,00,000/- (market value) or more, either in a single transaction or in multiple transactions over a calendar quarter, should pre-clear the transaction. However, no Designated Person shall be entitled to apply for pre-clearance of any proposed trade if such Designated Person is in possession of Unpublished Price sensitive Information even if the Trading Window is not closed and hence he shall not be allowed to trade.

The procedure for pre-clearance of trading shall be hereunder:

- (i) An application may be made in the prescribed Form (Annexure-1) to the Compliance Officer mentioning the number of securities that the Designated Person or his/her Immediate Relative, intends to deal in and such other details as may be required by any rule made by the Company in this behalf.
- (ii) An undertaking (Annexure-2) shall be executed in favour of the Company by such Designated Person or his/her immediate relative, incorporating, inter alia, the following clauses, as may be applicable:
 - (a) That the Designated Person or his/her Immediate Relative does not have any access or has not received "Unpublished Price Sensitive Information" up to the time of signing the undertaking.

- (b) That in case the Designated Person or his/her Immediate Relative has access to or receives “Unpublished Price Sensitive Information” after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his/her position and that he/she would completely refrain from dealing in the Securities of the Company till the time such information becomes public.
- (c) That he/she has not contravened the Code as notified by the Company from time to time.
- (d) That he/she has made a full and true disclosure in the matter.
- (iii) The Designated Person or his/her Immediate Relative shall execute their trade in respect of Securities of the Company within seven trading days after the approval of pre-clearance is given. The Designated Persons shall file within 2 (two) trading days of the execution of the trade, the details of such trade with the Compliance Officer in the prescribed Form (Annexure-3).
- (iv) In case, after securing pre-clearance, the trades have not been executed within seven trading days as mentioned in sub-clause (iii) above, the same shall be reported with reasons to the Compliance Officer in prescribed Form (Annexure- 4) within 2 (two) trading days of expiry of such period of seven trading days.
- (v) If the order is not executed within seven trading days after the pre-clearance approval is given, the Designated Person or his/her Immediate Relative must pre-clear the transaction again.
- (vi) The Designated Person or his/her Immediate Relative, who buys or sells any Securities of the Company shall not enter into an opposite transaction i.e. sell or buy, respectively, any Securities during the next six months after previous trade. In case of any contra trade be executed, inadvertently or otherwise, in violation of such restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act. None of the Designated Persons shall take positions in derivative transactions in the Securities of the Company at any time.
- (vii) The Compliance Officer may waive off the holding period in case of sale of Securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading Window is closed.

7. REPORTING REQUIREMENTS FOR TRANSACTIONS IN

SECURITIES INITIAL DISCLOSURE

Every Promoter / Member of Promoter Group / Key Managerial Personnel / Director / Designated Person of the Company, within thirty days of the PIT Regulations taking effect, shall forward to the Company the details of his/her holdings in Securities of the Company including the statement of holdings in securities by their Immediate Relatives as on the effective date of PIT Regulations in the format prescribed under the PIT Regulations.

Every person upon appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter or a Member of Promoter Group, shall disclose his/her holding as well as holding, if any of his/her Immediate Relatives, in securities of the Company as on the date of appointment or becoming a Promoter / Member of Promoter Group, as the case may be, to the Company within seven days of such appointment or becoming a Promoter in the format prescribed under PIT Regulations.

CONTINUAL DISCLOSURE

Every Promoter, Member of Promoter Group, Designated Person and Director of the Company shall disclose to the Company the number of such Securities acquired or disposed of, by them or by their Immediate Relatives, within two trading days of such transaction, if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ` 10,00,000/- (Rupees Ten lakhs only).

The disclosure shall be made in the format prescribed under the PIT Regulations within 2 trading days of such transaction.

The Designated persons of the Company shall disclose to the Compliance Officer, on or before 30th April every year, the details of transactions in the Securities of the Company carried out by them or by their Immediate Relatives, during the Financial Year and the number of Securities held on 31st March of that year in the Format as per Annexure-5.

DISCLOSURE OF OFF MARKET TRANSACTIONS:

All Off-market trades shall be reported by the Promoters, Member of Promoter Group / Directors / Designated Persons including their Immediate Relatives, to the Company within two working days.

OTHER RESTRICTIONS:

The disclosures to be made by any person under this Code shall include such person's Immediate Relatives, and by any other person with whom such person has material financial relationship.

The disclosures of trading in Securities shall also include trading in derivatives of Securities and the traded value of the derivatives shall be taken into account for purposes of this Code.

The disclosures made under this Code shall be maintained by the Company for a period of five years.

8. DISCLOSURE BY THE COMPANY TO THE STOCK EXCHANGE(S)

Within 2 trading days of the receipt of disclosure or from becoming aware of such intimation under Clause 7.3, the Compliance Officer shall disclose the particulars of trading to all Stock Exchanges on which the Company's Securities are listed.

The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the Promoter / Member of Promoter Group / Directors / Designated Persons for a minimum period of five years.

9. DISSEMINATION OF PRICE SENSITIVE INFORMATION

The Company has formulated Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as provided in the PIT Regulations and shall be adhered to by all concerned.

No information shall be passed by any Promoter / Director / KMP / Designated Person by way of making a recommendation for the purchase or sale of Securities of the Company.

Disclosure / dissemination of Unpublished Price Sensitive Information with special reference to analysts, media persons and institutional investors:

The following guidelines shall be followed while dealing with analysts and institutional investors:

- Only generally available information to be provided.
- At least two Company representatives be present at meetings with analysts, media persons and institutional investors.
- Unanticipated questions may be taken on notice and a considered response given later. If the answer includes UPSI, a public announcement should be made before responding.

10. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT

Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents / Immediate Relatives).

Any Designated Person who trades in Securities or communicates any information for trading in Securities in contravention of this Code of Conduct may be penalised and appropriate action may be taken by the Company.

Any Designated Person, who himself or his/her Immediate Relative, violates the Code, shall be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.

The action by the Company shall not preclude SEBI from taking any action in case of violation of PIT Regulations.

In case of violation of this Code and / or PIT Regulations, if any observed by or brought to notice of the Compliance Officer, the same shall be reported to the Board of Directors of the Company and Stock Exchanges where Securities of the Company are listed, in terms of requirements of the PIT Regulations, for the time being in force.

11. MISCELLANEOUS

The Board of Directors of the Company shall in consultation with the Compliance Officer specify the Designated Persons to be covered by the Code on the basis of their role and function and the scope of such role and function would require / provide access to Unpublished Price Sensitive Information in addition to seniority and professional designation.

The Board of Directors of the Company shall frame such internal control systems as may be required to overview the compliance of this Code from time to time.

The Employees of the Company can follow the existing Whistle Blower Policy of the Company to register a complaint for contravention to the Code of Conduct and/ or any violation of PIT Regulations.

An Employee (regular or contractual) or a Director of the Company, who files Voluntary Information Disclosure Form in accordance with the Informant mechanism contained in chapter IIIA of PIT Regulations, will be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination.