



# **CENTURY ENKA LIMITED**

## **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT OF TRADES IN EQUITY SHARES AND OTHER LISTED SECURITIES**

### **[INSIDER TRADING CODE]**

## **DOCUMENT CONTROL**

### **Document version**

This Insider Trading Code named as "Code of Conduct to regulate, monitor and report of trades in equity shares and other listed securities" (herein after called as Insider Trading Code) document is version 1.2.

### **Revision history**

| <b>SR. No.</b> | <b>Date of preparation / modification</b> | <b>Version No.</b> | <b>Modified by</b> | <b>Reviewed and approved by</b> |
|----------------|---|--------------------|--------------------|---------------------------------|
| 1              | 21.05.2019                                | 1.0                | Company Secretary  | Board of Directors              |
| 2              | 18.05.2021                                | 1.1                | Company Secretary  | Board of Directors              |
| 3              | 11.05.2022                                | 1.2                | Company Secretary  | Board of Directors              |

### **Issuing Authority**

This Code is approved by the Board of the Company.

### **Author and Responsible Official**

This Code is to be maintained and updated by way of additions, deletions and modifications, only by the Legal and Secretarial Department subject to review of Managing Director and approved by the Board.

Every time the Code is edited, the version increases by one unit and the version is to be mentioned in the Document Control section.

### **Applicability and Usage**

This Code applies to 'Connected Person' (as defined hereunder) of **Century Enka Limited**.

## **INTRODUCTION**

Insider trading and speculation in the stock market about the price of the shares/securities and the average investor who does not have access to such insider information is placed at a disadvantage. This kind of misuse by the connected person, erodes investor confidence in the Company and the integrity of the management of the Company. Such practice is unethical, illegal and prohibited by virtue of the SEBI Regulations, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## **OBJECTIVE OF THE CODE**

The objective is to communicate this Code to all connected persons of the Company that intend to serve as guidelines for such persons who willing to trade in securities of the Company and to strengthen the value foundation of the organization. Each connected person is expected to understand, adhere to, comply with and uphold the provisions of this Code.

The objective of this code is to prohibit speculative dealings by the connected persons and to ensure that the dealing in the shares/securities at a time when any price sensitive information that could be known to him/her is also reasonably made known/is available to the public at large and that both are reasonably aware/ have access to such information.

## **DEFINITION**

- a) **'Board'** or **'Board of Directors'** means the Board of Directors of the Company.
- b) **'Company'** means Century Enka Limited unless the context otherwise provides.
- c) **'Director'** shall mean a member of the Board.
- d) **'Chinese Wall'** means virtual information barrier erected to block the exchange of information between those in possession of or having access to Unpublished Price Sensitive Information and those who don't, to prevent conflicts of interest.

**e) 'Compliance Officer'** - The Company Secretary of Century Enka Limited (hereinafter referred as "the Company") will be designated as the Compliance Officer to monitor the compliance of this code and of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

**f) 'Connected person'** shall include the following:

- (i) any person who is or has during the six months prior to the concerned act been associated with the 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, key managerial personnel, 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) A person shall be "Deemed to be connected persons" if such person has access to Unpublished Price Sensitive Information (UPSI) or is reasonably expected to have access UPSI falling within the following categories unless the contrary is established:
  - (a) an immediate relative of connected persons specified in (i) above; or
  - (b) a holding company or associate company or subsidiary company; or
  - (c) an intermediary as specified in section 12 of the Securities and Exchange Board of India Act, 1992 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 authorised by the SEBI; 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 percent of the holding or interest.

(iii) **Designated Persons**-It includes:

- a) Promoters.
- b) Directors.
- c) Key Managerial Personnel.
- d) One level below Managing Director
- e) Functional Heads of all department of the Company.
- f) All employees of Finance, Accounts, Cost and Budget, Taxation, Information Technology, Legal & Secretarial Department.
- g) Secretaries of Key Managerial Personnel and Functional Heads.
- h) Immediate relatives of (a) to (f).
- i) any person, the Board of Directors in consultation with Key Managerial Personnel, specify to be covered under the Code of Conduct on the basis of their role and function in the Company and access to Unpublished Price Sensitive Information.

**g) '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.

**h) 'Informant'** means an individual(s), who voluntarily submits to the SEBI, a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under Insider Trading regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward.

**i) 'Insider'** means any person who is:

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

**j) 'Insider Trading Laws'** means the following provisions of below mentioned laws-

- a) Section 15G of the SEBI Act, 1992;
- b) regulation 3 of Insider Trading regulations;
- c) regulation 4 of Insider Trading regulations;

- d) regulation 5 of Insider Trading regulations; and
- e) regulation 9 or regulation 9A of Insider Trading regulations, in so far as they pertain to trading or communication of UPSI.

**k) 'Key Managerial Personnel'** means:

- a) Managing Director or Chief Executive Officer or Manager;
- b) Whole-time Director;
- c) Chief Financial Officer;
- d) Company Secretary and
- e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
- f) any other person appointed by the Board of Directors as key Managerial Personnel.

**l) 'Listing regulations'** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**m) 'Material Financial Relationship'** means a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve 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.

**n) 'Original Information'** means any relevant information submitted in accordance with Insider Trading regulations pertaining to any violation of insider trading laws that is:

- a) derived from the independent knowledge and analysis of the Informant;
- b) not known to the SEBI from any other source, except where the Informant is the original source of the information;
- c) sufficiently specific, credible and timely to - (i) commence an examination or inquiry or audit, (ii) assist in an ongoing examination or investigation or inquiry or audit, (iii) open or re-open an investigation or inquiry, or (iv) inquire into a different conduct as part of an ongoing examination or investigation or inquiry or audit directed by the SEBI.
- d) not exclusively derived from an allegation made in a judicial or administrative hearing, in a Governmental report, hearing, audit, or investigation, or from the news media, except where the Informant is the original source of the information; and
- e) not irrelevant or frivolous or vexatious.

- o) '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.
- p) 'Promoter Group'** shall have the meaning assigned to it under SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2018 and any amendment thereof.
- q) 'Restricted Period'** It is also called as Black out Period and it means:
- from the end of every quarter till 48 hours after the declaration of financial results;
  - Any other period that the Board of Directors or Compliance Officer may specify, from time to time.
- r) 'SEBI'** means the Securities and Exchange Board of India.
- s) 'Securities'** include –
- a) shares, bonds, debentures, debenture stock or other marketable securities of a like nature
  - b) derivative; and
  - c) rights or interest in securities.
- t) 'Trading'** means and includes act of subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in any equity shares or listed securities (or derivative thereof) of the Company.
- u) 'Trading day'** means a day on which the recognised stock exchanges are open for trading.
- v) 'Unpublished price sensitive information' or 'UPSI'** means any information relating to equity shares or listed securities of the Company, directly or indirectly, that is not generally available, which upon becoming generally available, is likely to materially affect the price of the equity shares/listed securities, and shall ordinarily include but not restricted to information relating to the following:
- a) Financial results (quarterly or annual) of the Company
  - b) Intended declaration / recommendation of dividend (interim or final)
  - c) Change in capital structure including Public / Rights Issue / Issue of Bonus Shares
  - d) Any major diversification, expansion or disposal plan

- e) Amalgamation, merger, demerger, acquisition
- f) Disposal of the whole or substantial part of the undertaking
- g) Changes in Board of Directors/ Key Managerial Personnel
- h) Any changes in policies, plans or operations of the Company that would have a material impact on the capital structure of the Company
- i) Intimation of allotment of shares
- j) Delisting of securities

## **STRUCTURED DIGITAL DATABASE**

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

The structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

## **DISCLOSURES**

**Initial Disclosures** means –

- a) Every person on joining the employment of the Company or on appointment as a Key Managerial Personnel or Director or upon becoming a promoter or a member of promoter group shall disclose his / her and the immediate relatives holding of equity shares / listed securities of the Company within seven (7) days of such joining /appointment/ becoming promoter or promoter group member.



- b) Every designated person shall disclose details like Permanent Account Number, names of educational institutions from which they have graduated and names of their past employers.

**Continual Disclosures** means –

- a) Every promoter, member of promoter group, designated persons, and director of the Company shall disclose to the Company, the number of equity shares / listed securities of the Company acquired or disposed of within two trading days of such transaction, if the value of securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified by SEBI from time to time.

- b) The Company shall notify the particulars of such trading to the stock exchanges on which securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation: It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under point (b) above, shall be made when the transactions effected after the prior disclosure cross the threshold limits specified in point (a) above.

- c) Every designated person shall along with the following persons disclose names, PAN or any other identifier authorised by law, mobile numbers and shareholding to the Company on an annual basis within 30 days from the end of the financial year and as and when the information changes:
  - (i) immediate relatives;
  - (ii) persons with whom such designated person shares a material financial relationship;

**Disclosures by other Connected Persons**

The Company at its discretion, may require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with these regulations.

## **SYSTEM DRIVEN DISCLOSURES**

The Company shall disclose the information of Designated Persons and their relatives including PAN Card and Demat Accounts details, if PAN number is not available, to the concerned authorities as specified from SEBI from time to time. The said disclosure shall be submitted to NSDL for online monitoring of trading of shares of the Company.

## **COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

- No connected person shall deal, communicate, provide, counsel or allow access to any UPSI referred in this Code, relating to the Company or its equity shares or listed securities 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.
- No person shall procure from or cause the communication by any connected person of unpublished price sensitive information, relating to the Company or listed securities or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

## **TRADING**

### **Trading Plan**

A connected person shall be entitled to formulate a trading plan 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.

Such 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) set out the number of equity shares or listed securities to be traded, the nature of trade and the interval at which such trades shall be effected;
- (iv) not entailing trade in securities for market abuse;
- (v) gap between two trading plans shall not be less than twelve months;
- (iv) not entail overlap of any period for which another trade plan is already in existence;

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, such implementation of the trading plan shall not commence if any UPSI is in possession of the insider at the time of formulation of the plan has not become generally available at the time of commencement of implementation and in such event the compliance officer shall confirm that commencement of trade ought to be deferred until such UPSI becomes generally available so as to avoid misuse of possession of UPSI;

The Compliance Officer shall review the plan to assess that the plan would not have any potential for violation of Insider Trading regulations or this code and seek such undertakings /details as may have deemed necessary to enable such assessment for approval and monitor the implementation of such plan. Upon approval of trading plan, the Compliance Officer shall notify the plan to stock exchanges on which equity shares and other securities are listed.

### **REQUIREMENT OF PRE-CLEARANCE FOR TRADING, INCLUDING OFF MARKET, WITHOUT TRADING PLAN**

All designated person who intend to trade in the Company's equity shares/ listed securities during the period other than the restricted/ blackout period and who does not hold any unpublished price sensitive information at the time of seeking pre

clearance and where such equity shares / listed securities that have been held for minimum period of six months or have not entered into an contra (reverse or opposite) trade during last six months shall obtain a prior permission from the Compliance Officer by making an application in the prescribed form for dealing in equity shares / listed securities.

However, no pre-clearance would be required, if the number of equity shares / listed securities to be traded aggregates to a traded value of up to 50 thousand rupees over any calendar quarter in a financial year subject to condition that:

- a) the designated person does not hold any unpublished price sensitive information at the time of trading of securities
- b) The period is not restricted or blackout period
- c) Communicate to the Compliance officer in writing within two working days from the date of execution of trade
- d) Update the holding in software, if any, maintained by the Company

In case of trading by the Compliance Officer, prior permission from Managing Director of the Company shall be obtained subject to the conditions and relaxation prescribed above.

Transaction for which pre-clearance is taken shall be carried out within seven trading days after the approval, otherwise, fresh pre-clearance would be required.

The designated person shall disclose within two trading days of the trade undertaken to the Compliance Officer. In case transaction is not undertaken, a report to that effect shall be filed with the Compliance Officer.

## **REPORTING**

The Compliance Officer shall:

- a) report to the board of directors about compliance of this code on quarterly basis
- b) Report to Audit Committee who shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

## **INTERNAL CONTROLS**

As required under regulation 9A(1) of Insider Trading Regulations, the Company have adequate and effective system of internal controls to ensure compliance with the provisions of Insider Trading regulations and this Code to prevent insider trading.

Such internal controls include the following:

- All employees who have access to, or expected to have access to UPSI shall be identified as designated persons.
- Identifying UPSI and maintain its confidentiality as per this code or insider trading regulations or any other applicable law.
- Adequate restrictions on communication or procurement of UPSI.
- Maintaining a list of all persons with whom UPSI is shared and execute confidentiality agreements or apprise/aware them to maintain confidentiality and their duties, responsibilities, obligations and the liability to misuse or unwarranted use of such information as per this Code and Insider Trading regulations.

## **LEAK OF UPSI**

Pursuant to regulation 9A(5) of Insider Trading regulations, the listed entity shall be required to formulate policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, which shall be approved by the Board of Directors.

In this regard, all the provisions of the Vigil Mechanism/ Whistle-Blower Policy of the Company shall be mutatis mutandis applicable to report any instances of leak of UPSI or suspected leak of UPSI and the inquiries/ investigations thereof.

Any Connected Persons/ Other employees may report any instances of leak of UPSI or suspected leak of UPSI in accordance with Vigil Mechanism/ Whistle-Blower Policy as hosted on the website of the Company.

Further, the Company shall promptly inform the SEBI in case of such leaks of UPSI, inquiries/investigations and results thereof.

## **VOLUNTARY INFORMATION DISCLOSURE**

Apart from reporting any instances of leak or suspected leak of UPSI under Vigil Mechanism/ Whistle-Blower policy, any Informant may submit Original Information by furnishing the Voluntary Information Disclosure Form to the Office of Informant Protection of the SEBI in the format and manner set out in Insider Trading regulations,.

The Company shall ensure that the Informant gets suitable protection against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination against any employee who files a Voluntary Information Disclosure Form, by reason of:

- (i) filing a Voluntary Information Disclosure Form under the Insider Trading regulations
- (ii) testifying in, participating in, or otherwise assisting or aiding the SEBI in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of insider trading laws or in any manner aiding the enforcement action taken by the SEBI; or
- (iii) breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with the SEBI in any manner.

**Explanation:** “employee” means any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form under these regulations and is a director, partner, regular or contractual employee, but does not include an advocate.

## **CHINESE WALL MECHANISM**

The Company has laid down Chinese Wall Procedures to prevent the misuse of confidential information or trading on the basis of UPSI. The Company segregated those areas of the Company which routinely have access to confidential information,

considered as 'inside areas' from persons of those who do not have such access considered as 'public areas'.

Only Designated Persons shall be allowed to access inside areas in normal course of business. Designated Persons shall not communicate UPSI to anyone in public area. In exceptional circumstances, UPSI may be communicated to the employees/ third parties in public area ('outside people') on a need-to-know basis under intimation to the Compliance Officer.

Where there is a requirement of sharing UPSI in furtherance to legitimate purposes, performance of duties or discharge of legal obligations, such UPSI shall be shared as per the wall-crossing procedure setout herein below:

- Prior approval of the Compliance Officer must be sought and he shall consider the need-to-know criteria while giving such approval.
- Outside people (at the time of such wall crossing) should be notified that they would be deemed to be 'Designated Persons' for the time being and consequently such persons shall ensure all applicable provisions of this Code and the Insider Trading Regulations, till such information remains UPSI.

## **CONFIDENTIALITY**

Connected person shall maintain the confidentiality of all price sensitive information relating to Company or securities listed or proposed to be listed and shall not communicate such information directly or indirectly by way of making a recommendation for purchase or sale of securities or otherwise trade in securities of the Company. File containing confidential information(s) shall be kept secure. All electronic files must have adequate security.

## **GENERAL PROVISIONS**

- (i) disclosure shall be made in prescribed form;
- (ii) disclosures made by any person under this code / Insider Trading Regulations shall include those relating to trading by such person's immediate relatives and by any

other person for whom such person takes trading decisions;  
(iii) 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 the purpose of this code / Insider Trading Regulations.

## **DISCIPLINARY ACTION AND PENALTY**

Any connected person who contravenes the code will be liable for appropriate penal action in accordance with the provisions of SEBI Act, 1992. Further, such person shall also be liable for such appropriate action as deemed fit by the Company including disciplinary action such as wage freeze, recovery of profit, suspension, ineligibility for participation in ESOP, etc. after giving reasonable opportunity of being heard to them to explain their stand in the matter. Any amount recovered shall be remitted to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.

All correspondence with the Company in regard to this Code of Conduct should be sent to the sent to the Compliance Officer and marked as "**CONFIDENTIAL**".

The Compliance officer shall maintain a database of the violation of code of conduct by designated persons that would entail initiation of appropriate action against them.

The Company shall promptly inform to the stock exchanges any violation relating of insider trading regulations in such form and manner as may be specified by the SEBI from time to time.

## **RETENTION OF DOCUMENTS**

All the disclosures made under this Code shall be maintained by the Company, for a minimum period of five years in such form as may be specified.



## **INTERPRETATION AND MODIFICATION OF POLICY**

The Board of the Company shall have authority to amend or modify this policy to align with any amendments made to the Act and rules made thereunder or listing Regulations or applicable Accounting Standards or such other circulars, SOPs, guidelines or regulations issued by SEBI, Stock Exchange(s) or any other statutory authority. In the event of inconsistency of this policy with any statutory provisions issued by the relevant authorities, then the relevant provisions of such applicable law shall prevail upon the provisions of this Policy.