

Continental Chemicals Limited

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI) (AMENDED)

INTRODUCTION:

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, has formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (hereinafter called “Regulations”) under the powers conferred on it under the SEBI Act, 1992. It is mandatory in terms of the Regulations for every listed company to formulate a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information under Regulations of 8. In order to comply with the mandatory requirement of the Regulations, it was necessary to formulate a specific Code of Fair Disclosure Continental Chemicals Limited (hereinafter referred to as “the Company”) for use by its Promoters, Directors, Officers, Employees, and Connected Persons and any person specified in the Regulations.

OBJECTIVE

This document embodies the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to be adopted by the Company and followed by its Insiders, Officers, Employees and Connected Persons. The Code seeks to ensure timely, fair and adequate disclosure of price sensitive information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company’s Securities.

DEFINITIONS

The words, terms and expressions used in the Code shall have the same meanings given in Regulation 2 of Chapter I of the SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (hereinafter called “Regulations”) and other applicable rules and regulation, if any, other amendment as time to time.

CODE

The Board of Directors of Continental Chemicals Limited has always thrived to conduct its business in a fair and transparent manner with a view to protect the interest of all the stakeholders in the Company pursuant to the Chapter I, II, IV, V of the Regulations. Towards achieving this objective, the Company and the members of the Board, Officers, all employees and connected persons shall adhere

to the following principles of fair disclosure of unpublished price sensitive information in letter as well as in spirit:

1. Prompt public disclosure of unpublished price sensitive information:

The Company shall make prompt public disclosure of Unpublished Price Sensitive Information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available, to stock exchanges, where its securities are listed. As a good corporate practice, the Unpublished Price Sensitive Information disclosed to the Stock Exchanges may be supplemented by updates to the press and by prompt updates on the Company's website. The Company may also consider other modes of public disclosures of such Information so as to improve investor access to the same.

2. Uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure:

All the unpublished price sensitive information shall be reported promptly on uniform basis to all the stock exchanges on which the securities of the Company are listed for wide dissemination to avoid selective disclosure.

3. Designation of a senior officer as a Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information:

The Managing Director and/or Company Secretary of the company shall act as Chief Investor Relations Officer (CIRO) and will be responsible for ensuring that the Company complies with the continuous disclosure requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019 and this Code. He shall also be responsible for approval of, overseeing, monitoring & co-ordinating dissemination of information and disclosure of unpublished price sensitive information.

4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available:

In case any Unpublished Price Sensitive Information get disclosed selectively, inadvertently or otherwise, then such unpublished price sensitive information should be brought to the notice of the CIRO by the Employee/ Director concerned and disseminated immediately to make such information generally available in accordance with the Code.

5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities:

5.1 The Board of Directors of the Company shall promptly direct any queries or requests for verification of market rumors received from stock exchanges or from the press or media or from any other source to the CIRO.

5.2 The CIRO on receipt of requests as aforesaid, shall consult, where required, the Managing Director or the CEO as the case may be and respond to the same without any delay.

5.3 The CIRO shall be also responsible for deciding, as to the necessity of a public announcement for verifying or denying rumors and thereafter making appropriate disclosures.

5.4 All the requests/queries received shall be documented and as far as practicable, the CIRO shall request for such queries/requests in writing.

6. The Company will ensure that information shared with analysts and research personnel is not UPSI in relation to the Company.

7. The Company will develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the Company's website www.continentalchemicalsltd.com to ensure official confirmation and documentation of

disclosures made. Details of quarterly concall and concall transcript with analysts and relating to investor relation conferences will be made available on the Company's website.

8. Handling of all unpublished price sensitive information on a need –to know basis:

All the Unpublished Price Sensitive Information in the Company shall be handled on need to know basis. This means that such information should be disclosed only to those within the Company who need to know the same in furtherance of the insider's legitimate purposes, performance of duties or discharge of his/her legal obligations. Legitimate purpose are mentioned as per its "Policy for determination of Legitimate Purpose" (**Annexure A**)

POWERS OF THE BOARD OF DIRECTORS

The Chairman or Managing Director of the Company, subject to approval of the Board, is severally authorized to amend or modify this Code in whole or in part.

The Board of Directors may stipulate further guidelines, procedures and rules, from time to time, to ensure fair disclosure of unpublished price sensitive information.

DISCLOSURES

This Code shall be published on the official web site of the Company.

Further, this Code and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed.

This Code has been adopted by the Continental Chemicals Limited,

Subsequent modification(s)/amendment(s) to SEBI (Prevention of Insider Trading) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019 shall automatically apply to this Code. This Code has been effective from 1st April 2019.

Annexure A

POLICY ON DETERMINATION OF LIGITIMATE PURPOSE

[Pursuant to Regulation 3 (2A) of SEBI {Prohibition of insider Trading} (Amendment) Regulations, 2018]

A. INTRODUCTION

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“PIT Amendment Regulations”) mandates every listed company to formulate a written **“Policy for Determination of Legitimate Purposes”**. These regulations will be effective from **01st April, 2019**. Accordingly Continental Chemicals Limited is required to formulate Policy for Determination of Legitimate Purposes.

B. OBJECTIVE

The Policy is formulated to explain the Legitimate Purpose, to handle the information within the organisation on need to know basis and no Unpublished Price Sensitive Information shall be communicated to any person except in furtherance of legitimate Purpose, performance of duties or discharge of legal obligation.

C. EFFECTIVE DATE

The Policy will be applicable on all “Insiders” and will be effective form 1st April, 2019.

D. DEFINITION

a. **“Legitimate Purposes”** shall mean sharing of UPSI in the ordinary course of business by an Insider with the following, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations:

- i. Promoters of the Company
- ii. Partners of the Audit Firm, who is appointed for Statutory Audit or for Internal Audit.
- iii. Staff members of the Audit Firm conducting the Audit
- iv. Lenders
- v. Vendors
- vi. Suppliers
- vii. Bankers
- viii. Legal Advisors
- ix. Insolvency Professional
- x. Consultants
- xi. Any other advisors
- xii. Any other person with whom UPSI is shared

b. **“Insider”** any person in receipt of UPSI pursuant to a “legitimate purpose” shall be considered as an “insider” for purposes of these regulations and due notice shall be given to such persons (Insiders) to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations."

*(The definition of **Insider** given under Code of Practices & procedures for fair disclosure of UPSI stands revised to include the above.)*

E. DISCIPLINARY ACTION

The Audit Committee, subject to approval of Board of Directors, may take appropriate action against any person who violates the provisions of this policy. Disciplinary action may include penalizing the concerned person. Where the Company has suffered a loss due to violation of the Policy, it may pursue its legal remedies against such persons.

F. REVIEW AND CHANGES

The Board may amend this Policy from time to time (if required) to incorporate any subsequent amendment(s) / modification(s) brought in by SEBI with respect to matters covered under this policy or even otherwise.

POLICY AND PROCEDURES FOR INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION OF Continental Chemicals Limited

(EFFECTIVE FROM 01st APRIL, 2019)

[Under Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015]

This Policy shall come into effect from April 1, 2019

A. INTRODUCTION

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“PIT Amendment Regulations”) mandates every listed company to formulate a written **policy and procedures for inquiry in case of leak of unpublished price sensitive information** and initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries. These regulations will be effective from **01st April, 2019**. Accordingly Continental Chemicals Limited is required to formulate policy and procedures for inquiry in case of leak of unpublished price sensitive information.

B. OBJECTIVE OF THE CODE OF FAIR DISCLOSURES

- i. To strengthen the internal control system to prevent leak of UPSI.
- ii. To restrict and prohibit the practice of sharing of UPSI, with the un-authorized person, which originates from within the company and which affects the market price of the Company as well as loss of reputation and loss of investors’ / financiers’ confidence in the company.
- iii. To have a uniform code to curb the un-ethical practices of sharing UPSI by Insiders, Employee & Designated Persons with any person, firm, Company or Body Corporate.
- iv. To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and promptly inform the same to the Securities and Exchange Board of India (“SEBI”).
- v. To take disciplinary actions, if deemed fit against any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy, apart from any action that SEBI may initiate/take against the Insider, Employee & Designated Persons.

C. EFFECTIVE DATE

This Policy has been approved by the Board of Directors of the Company and shall be effective from 01st April, 2019.

D. DEFINITIONS

i. Leak of UPSI means communication of information which is/deemed to be UPSI by any person, who is in possession of UPSI, to any other person, directly or indirectly, overtly or covertly or in any manner whatsoever, except for legitimate purposes, performance of duties or discharge of legal obligations.

ii. Suspect means the person or persons against or in relation to whom an inquiry is initiated in case of leak or suspected leak of UPSI.

iii. Un-published Price Sensitive Information (“UPSI”) Shall mean 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;

a) Periodical financial results of the Company;

b) Intended declaration of dividends (Interim and Final);

c) Change in capital structure i.e. Issue of securities, buy - back of securities or any forfeiture of shares or change in market lot of the Company’s shares;

d) Mergers, De-mergers, Amalgamation, Acquisitions, De-listing of Securities, Scheme of Arrangement or Takeover, disposals, spin off or selling division of whole or substantially whole of the undertaking and expansion of business and such other transactions;

e) Any major expansion plans or execution of new projects or any significant changes in policies, plans or operations of the Company;

f) Changes in key managerial personnel;

g) Material events in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

h) Any other matter as may be prescribed under the Listing Regulations and/or Corporate Law to be price sensitive, from time to time.

Note: Words and expressions used and not defined in this Code but defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and the Rules and Regulations made there under shall have the meanings respectively assigned to them in those legislation.

E. PROCEDURE FOR INQUIRY IN CASE OF LEAK OR SUSPECTED LEAK OF UPSI:

a) Source of information relating to leak of UPSI

The Chairman of Audit Committee may on becoming aware suo moto or on receipt of a written intimation of leak or suspected leak of UPSI from the Suspect, any other person, including employees of the Company, regulators follow the below mentioned procedure in order to inquire and/or investigate the matter.

b) Preliminary Inquiry

The object of preliminary inquiry is fact-finding, to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any, and to collect necessary available material in support of the allegations, and thereafter to decide whether there is justification to initiate further investigation/inquiry. The Chairman of Audit Committee shall forthwith forward such intimation to CEO and/or CFO to conduct a preliminary inquiry headed by Compliance Officer. The said inquiry shall be completed within 2 working days from the date of receipt of such intimation and report thereof shall be circulated to the Chairman of Audit Committee/CEO/CFO and Compliance Officer.

c) Intimation of Leak or suspected Leak of UPSI

If in the opinion of Chairman of Audit Committee/CEO/CFO and Compliance Officer, the preliminary inquiry report warrants further investigation, the same shall be submitted to:

- The Board of Directors
- Inquiry Committee for detailed investigation

The Compliance Officer shall simultaneously intimate SEBI about such Leak or suspected Leak of UPSI.

d) Inquiry Committee

Inquiry Committee shall consist of the following persons or any person nominated by such officers from their department-

- Chief Financial Officer
- Company Secretary
- Any other person nominated by Managing Director

If any member of Inquiry Committee has a conflict of interest in any given case, then he/she should recuse himself/herself and other members of Inquiry Committee should deal with the matter on hand.

e) Investigation by Inquiry Committee

Upon receipt of the report of the preliminary inquiry and all other supporting documents, the Inquiry Committee is required to initiate the investigation. The said investigation shall be completed within 15 working days from the date of receipt of report of the preliminary inquiry. The Inquiry Committee's investigation report shall be submitted to the Audit Committee and summary report shall be submitted to Board immediately, and such report shall also be submitted to SEBI simultaneously.

F. POWERS OF INQUIRY COMMITTEE

For purpose of conducting inquiry, the Inquiry Committee may:

a) call upon

- such employees/individuals to seek clarification or information pertaining to the leak.
- persons / members of committees involved in generation of the original data for purpose of determination of key figures pertaining to financial figures.
- persons involved in the consolidation of the figures for the financial results.
- persons involved in the preparation of board notes and presentations.
- persons involved in dissemination of information relating to financial results in the public domain.
- any other persons who had access to the information.
- any market intermediaries, fiduciaries and other person/ entities who have access to UPSI for inquiry conducted for leak of such UPSI.

b) at its discretion, invite external investigators/experts.

c) take necessary actions including sending the Suspect on leave, restrict physical access to the office premise, freeze access to systems, electronic devices, emails, etc., during the pendency of the investigations for fair conduct of the proceedings

d) keep the identity of the Suspect confidential till the completion of inquiry unless it is essentially required for the purpose of investigation.

e) notify the Suspect of the allegations at the outset of internal investigation and provide him opportunity to represent his case and submit evidence.

f) do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

G. RIGHTS AND OBLIGATIONS OF THE SUSPECT

a) The Suspect shall-

- co-operate with the Inquiry Committee during the investigation process.
- have a right to consult with a person or persons of their choice, other than members of Inquiry Committee.
- right to be informed of the outcome of the investigation

b) The Suspect(s) has the responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Suspects.

c) Unless there are compelling reasons not to do so, Suspects will be given the opportunity to respond to material findings contained in investigation report. No allegation of wrongdoing against a Suspect shall be considered as maintainable unless there is good evidence in support of the allegation.

H. CONSEQUENCES OF NON-COMPLIANCE

a) On receipt of report of inquiry committee, the Compliance Officer shall forthwith forward such report to Audit Committee.

b) The disciplinary action against Suspect may be taken within 15 working days from receipt of investigation report by the Audit Committee in consultation with the Board of Directors or any other person authorised by the Board.

c) The disciplinary action may include wage freeze, suspension, recovery, clawback, ineligibility for future participation in the Company's stock option plans or termination, as may be decided by the Audit Committee or the Board of Directors or any other person authorised by the Board.

d) SEBI or any other appropriate regulatory authority would also be informed of such violation who may take appropriate action against the Suspect.

I. REVIEW AND CHANGES

The Board may amend this Policy from time to time (if required) to incorporate any subsequent amendment(s) / modification(s) brought in by SEBI with respect to matters covered under this policy or even otherwise.