

## CODE OF CONDUCT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

### **1. Preamble**

Regulation 46(2) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every listed company to publish a code of conduct for its board of directors (whole-time, executive and non-executive directors, including independent directors) (“**Board**”) and senior management personnel on its website. This Code is framed under Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

The Code is in alignment with the Company’s objectives, and Corporate Governance Policy and aims at enhancing ethical transparent process in managing the affairs of the Company.

### **2. Company’s belief system/objective**

This Code of Conduct attempts to set forth the guiding principles on which the Company shall operate and conduct its daily business with its stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. It recognizes that the Company is a trustee and custodian of its Shareholders’ money and in order to fulfill its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of shareholders.

The Company acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behavior. The Company shall be committed in all its actions to the interest of the countries in which it operates. The Company is conscious of the reputation it carries amongst its customers and public at large and shall endeavor to do all it can to sustain and improve upon the same in its discharge of obligations. The Company shall continue to initiate policies, which are customer- centric and which promote financial prudence.

### **3. Applicability**

The Code applies to Directors and Senior Management personnel of the Company. The independent directors of the Company are subject to certain additional duties as



laid down by the Companies Act, 2013 (“Act”), which are set out in **Annexure - I** of the Code.

The Code has been formulated and approved by the Board and is to be strictly observed by the Directors and Senior Management of the Company for the governance of good corporate practices.

The rules and principles set forth in this Code are general in nature and the compliance with this Code shall be read with other applicable policies and procedures of the Company. Any issue relating to the interpretation of the Code will be handled by the Board. The Company Secretary of the Company is appointed as the Compliance Officer under the Code and will be available to answer any questions, provide clarification and to help in ensuring compliance with the Code.

Accordingly, the Board has adopted the Code at its meeting held on November 20, 2021, which can be amended from time to time. All Directors and Senior Management shall affirm compliance with the Code on an annual basis.

#### **4. Definitions**

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

**"Board/Directors"** shall mean the Board of Directors of the Company.

**"Company"** shall mean Capillary Technologies India Limited.

**"Conflict of Interest"** means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

**"Executive Directors/Whole Time Directors"** shall mean and include Company's Managing Director and Directors who are in the whole time employment of the Company.

**"Independent Directors"** shall mean an Independent Director as per the provisions of the Companies Act, 2013 and regulations of the Securities and Exchange Board of India.

**"Non-Executive Directors"** shall mean the Directors who are not in whole time employment of the Company.



**“Compliance Officer”** shall mean the Company Secretary of the Company and in his absence any senior officer, so designated by the Board for the purpose of compliance with the Code.

**“Director”** shall mean a member of the Board.

**“Listing Regulations”** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Senior management”** shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the “chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

## **5. Guidelines for Conduct**

Every person to whom the Code is applicable, shall conduct the affairs of the Company and perform his duties with due care, diligence, dignity, honesty and integrity and shall conform to the highest moral and ethical standards and at all times, be loyal to the Company and act in good faith and in the best interest of the Company. Besides the duties and responsibilities cast upon Directors by applicable laws, articles of association of the Company and provisions of the Code, set out hereinbefore, a Director is also expected to:

- a. use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;
- b. not seek to influence any decision of the Board for any consideration other than in the interests of the Company;
- c. adhere to the highest standards of honest conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships;
- d. accept it disclosures in the periodic reports required to be filed by the Company with government and regulatory agencies as true, full and fair.
- e. make reasonable efforts to attend Board meetings, meetings of the committees of the Board where the Director is a member and general meetings of shareholders, regularly;



- f. inform the chairman of the Board/ committee or the Company Secretary of the Company well in advance in case he is not in a position to attend a Board/ committee meeting and apply for the grant of leave of absence;
- g. dedicate sufficient time, attention and energy to the deliberations at the meetings to ensure diligent performance of their duties;
- h. notify the other Directors about the material personal interest in any matter and must not vote on such matter;
- i. bring an open and independent mind to the Board/ committee meetings and should not make a decision about a matter before attending and participating in the deliberations of the meeting;
- j. treat each other with courtesy and observe the other guidelines set out in the Code;
- k. act in a cooperative and respectable manner with their colleagues;
- l. maintain order and decorum at the meetings and obey the directions given by the Chairman;
- m. comply with all applicable laws, regulations, confidentiality obligations and Company's policies.
- n. address misuse or misapplication of the Company's assets and resources; and
- o. exhibit highest level of confidentiality and fair dealing within and outside the Company.

## 6. Disclosure Standards

The Company shall make full, fair and accurate disclosures in the periodic reports required to be filed with government and regulatory agencies. The members of Senior Management of the Company shall initiate all actions deemed necessary for proper dissemination of relevant information to the Board, auditors, regulators and other statutory agencies, as may be required by applicable laws, rules and regulations. The Board and Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

## 7. Use of Company's Assets and Resources

Each member of the Board of Directors and the Senior Management has a duty to the Company to disclose its legitimate interests while dealing with the Company's assets and resources. Members of the Board of Directors and Senior Management are prohibited from:



- i. using corporate property, information or position for personal gain;
- ii. soliciting, demanding, accepting or agreeing to accept anything of value from any person while dealing with the Company's assets and resources; and
- iii. acting on behalf of the Company in any transaction in which they or any of their relative(s) have a significant direct or indirect interest.

## **8. Conflict of Interest**

The Directors and Senior Management shall not engage in any activity, business, or relationship, which may conflict with the interest of the Company or be prejudicial to the Company's interest. They should avoid transacting company business with their relatives or with a firm/ company in which either they themselves or their relatives are interested or play any significant role and in case such related party transaction is unavoidable, it must be made only after proper and fullest disclosure to the Board.

The Directors and Senior Management shall also not accept gifts from persons or firms who deal with the Company, or are seeking to deal with the Company, where the gift is being made in order to influence the director's actions as a member of the Board, or where acceptance of the gift could create the appearance of a conflict of interest. They are expected to perform their duties in a way that they do not conflict with the Company's interest such as -

1. Employment / Outside Employment - The members of the Senior Management are expected to devote their total attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or otherwise is in conflict with or prejudicial to the Company.
2. Business Interests - If any member of the Board of Directors and Senior Management considers investing in securities issued by the Company's customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to the Company. Many factors including the size and nature of the investment; their ability to influence the Company's decisions, their access to confidential information of the Company, or of the other entity, and the nature of the relationship between the Company and the customer, supplier or competitor should be considered in determining whether a conflict exists. Additionally, they should disclose to the Company any interest that they have which may conflict with the business of the Company. Senior Management shall make disclosures to the Board relating to all material, financial and



commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

3. Family members and close personal relationships: Directors and members of Senior Management shall not use personnel influence to make the Company do business with a company/institution in which his or her relatives are interested. As a general rule, directors and senior management personnel shall avoid conducting Company's business with a relative or with an entity in which a relative is associated in any significant role. In case of conflicts, disclosure shall be made to the Board and a prior approval shall be obtained.
4. Other directorships: The Directors must disclose their directorship and committee membership on the other companies and substantial shareholding in other companies to the Board on an ongoing basis.
5. Related Parties - In case of any dealings with related party the transaction shall be in compliances under Companies Act 2013, as amended and the SEBI Listing Regulation. Transactions/ dealing done on arm's length basis shall not be considered to be conflict of interest.

## **9. Disclosure of Interest**

The Directors shall promptly disclose at the time of their appointment and subsequently whenever there is a change, their interest in other companies and body corporates in compliance with applicable laws.

The Directors and Senior Management shall also promptly disclose their relationships with other individuals, firms or body corporate wherever such relationship may affect their independence of judgment while performing their duties and responsibilities towards the Company.

## **10. Honesty, Integrity, Fairness and Accountability**

The Directors and Senior Management are entrusted with the responsibility to oversee and formulate the policies for the management and affairs of the Company. Therefore in the interest of good corporate governance they shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness.





All of them must act in good faith with honesty and accountability and with due care, competence and diligence, without allowing their independent judgment to be subordinated and in the best interests of the Company. The Directors and Senior Management shall encourage employees of the Company to report violations of laws, rules, regulations or this Code to the appropriate personnel.

## 11. Confidentiality and Fair Dealings

### Company's Confidential Information

- i. The Company's confidential information is a valuable asset. It includes all trade related information, trade secrets, confidential and privileged information, customer information, employee related information, strategies, administration, research in connection with the Company and commercial, legal, scientific, technical data that are either provided to or made available to each member of the Board of Directors and the Senior Management by the Company either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Company. All confidential information must be used for Company's business purposes only.
- i. This responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Company's policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Company has rightfully received under non-disclosure agreements. Such confidential information should be handled in accordance with the agreements with such third parties.
- ii. To further the Company's business, confidential information may have to be disclosed to potential business partners. Such disclosure should be made after considering its potential benefits and risks. Care should be taken to divulge the most sensitive information, only after the said potential business partner has signed a confidentiality agreement with the Company.
- iii. Any publication or publicly made statement that might be perceived or construed as attributable to the Company, made outside the scope of any appropriate authority in the Company, should include a disclaimer that the publication or statement represents the views of the specific author and not the Company.



Examples of confidential information include but are not restricted to:

- Information not yet released to the public
- Unpublished company strategy
- Current or future research and development programs, technical breakthroughs and/or inventions
- Investments, planned mergers or acquisitions
- Information received from customers or partners
- Unpublished financial, data either actual or forecasted
- Employee information

## **12. Other Confidential Information**

The Company has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Company to enter into a business relationship. At other times, the Company may request that a third party provide confidential information to permit the Company to evaluate a potential business relationship with that party. Therefore, special care must be taken by the Board of Directors and members of the Senior Management to handle the confidential information of others responsibly. Such confidential information should be handled in accordance with the agreements with such third parties.

The Company requires that every Director and the member of Senior Management, General Managers should be fully compliant with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.

Directors and the members of Senior Management shall not accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, suppliers, shareholders/ stakeholders, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud.

## **13. Competition and Fair dealings**

The Directors and members of Senior Management are obligated to deal fairly and honestly with each other, the Company's subsidiaries, joint ventures and associates





and with the Company's customers, suppliers, competitors and other third parties. Directors and members of Senior Management shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Company is committed to free and open competition in the marketplace. Directors and members of Senior Management shall avoid actions that could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

#### **14. Company Property**

Directors and Senior Management have a fiduciary relationship with the Company and they should act like a trustee for the Company's property/ assets as well as the property/ assets of other organizations that have been entrusted to the Company.

They are responsible for its safe custody and accountable for its use. The Directors and Senior Management shall not use these assets/ property except as specifically authorized and that too only for the purpose of Company business.

#### **15. Corporate Business Opportunities**

Corporate Business Opportunities here means those opportunities, which are made available to the Company and which are known to the Directors/ Senior Management due to the position held by them in the Company. The Directors/ Senior Management shall not utilize such opportunities for their personal benefit. However once an opportunity is fully and properly disclosed to the Board and after consideration rejected by them then it ceases to be a Corporate Business Opportunity.

#### **16. Compliance With Applicable Laws & Company's Policies**

Every person to whom the Code is applicable and others directly or indirectly associated with the Company shall comply with all applicable laws, rules, regulations and guidelines issued by the Government of India from time to time. Further, they shall also comply with the various policies, guidelines and codes formulated by the Company in compliance with the Listing Regulations and other applicable provisions including the Company's policy on insider trading and procedures for fair disclosure.

#### **17. Declaration for Compliance with the Code**



The members of the Board and Senior Management shall affirm the compliance with the Code on an annual basis and shall sign a confirmation to that effect as per the format set out in **Annexure II**. The annual report of the Company shall carry a declaration signed by the CEO of the Company stating that the members of Board and Senior Management have affirmed compliance with the Code.

Miscellaneous suspected violations of the Code, by a Director or member of Senior Management or by any other Director member of Senior Management must be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations would be appropriately investigated and action will be taken on the conclusion of the enquiry by the Board which may even include a request to resign as Director or Senior Management of the Company, if permitted by applicable laws and is in the best interest of the Company. The board of directors of the Company reserves the right to modify and/or amend the Code at any time. The Code and subsequent amendment(s) thereto, shall be published on the website of the Company.

## 18. 18. Waivers

Any waiver of any provision of this Code of Conduct for a member of the Company's Board of Directors or a member of the Senior Management must be approved in writing by the Board of Directors of the Company.

The matters covered in this Code of Conduct are of the utmost importance to the Company, its stakeholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its value system.

## 19. Review of Code

The Code shall be reviewed annually or at earlier intervals, if necessary. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of the Code until the Code is reviewed and approved next time.

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## Annexure-1

### GUIDELINES OF PROFESSIONAL CONDUCT, ROLE, FUNCTION AND DUTIES AS AN INDEPENDENT DIRECTOR (AS PROVIDED IN SCHEDULE IV OF THE COMPANIES ACT, 2013) GUIDELINES FOR PROFESSIONAL CONDUCT:

1. To uphold ethical standards of integrity and probity;
2. To act objectively and constructively while exercising your duties;
3. To exercise their responsibilities in a bona fide manner in the interest of the Company;
4. To devote sufficient time and attention towards your professional obligations for informed and balanced decision making;
5. To not allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. To not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. To refrain from any action that would lead to loss of their independence;
8. Where circumstances arise which make an independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
9. To assist the Company in implementing the best corporate governance practices.

#### **Role and functions:**

1. Assist in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinize the performance of management in meeting with respect to agreed goals and objectives and monitor the reporting of performance.
4. Satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial



personnel and senior management.

8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**Duties:**

1. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company, its objectives and the policies laid down by the government and the various laws and legislations.

2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.

3. Strive to attend all meetings of the Board including a Separate meeting of the independent director and of the Board committees of which you are a member.

4. Participate constructively and actively in the committees of the Board, including in the matter of formulation of policies, in which you are chairperson or member.

5. Strive to attend the general meetings of the Company.

6. Where you have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting.

7. Keep yourself well informed about the Company and the external environment in which it operates.

8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.

9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company.

10. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

11. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

12. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.

13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

14. Study the Board papers thoroughly and enquire about follow up reports on definite time schedule.

15. Not to reveal any information relating to any constituent of the Company to anyone.



16. Not to display the logo / distinctive design of the Company on their personal visiting cards / letter heads.
17. Not to sponsor any proposal relating to loans, investments, buildings or sites for Company's premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals etc.
18. Do not do anything, which will interfere with and / or be subversive of maintenance of discipline, good conduct and integrity of the staff.
19. Not to enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.
20. Not to take any personal opportunities directly or indirectly that belong to the Company or are discovered through the use of Company's property, information or position.

However in case of any person serving on the Board of the Company as a nominee of any institution or organization, this code shall apply to such person during his / her tenure as Director of the Company, subject to anything contained herein which is repugnant to the Code of Conduct or the service rules of the institution or organization who have appointed such persons as its nominee on the Board.



**Annexure - 1I****FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND ETHICS**

I have received and read the Company's Code of Conduct for Directors and Senior Management Personnel and Ethics. I understand the standards and policies contained in the Company Code of Conduct for Directors and Senior Management Personnel and Ethics and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to follow the values of the Company in all that I do and comply with the Company Code of Conduct for Directors and Senior Management Personnel and Ethics.

If I have questions concerning the meaning or application of the Company Code of Conduct for Directors and Senior Management Personnel and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager, the Compliance Officer, the Human Resources Department or the Legal Department, knowing that my questions or reports to these sources will be maintained in confidence.

Employee Name \_\_\_\_\_

Employee No \_\_\_\_\_

Designation \_\_\_\_\_

Signature \_\_\_\_\_

Date

**Please sign and return this form to the Company Secretary.**

**ANNUAL COMPLIANCE REPORT**

I \_\_\_\_\_ do hereby solemnly affirm to the best of my knowledge and belief that I have fully complied with the provisions of the CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL, as applicable, during the year ending 31st March \_\_\_\_\_.

Name

Designation

Date

