



NOCIL LIMITED

Regd. Office : Mafatlal House, 3rd Floor, H. T. Parekh Marg,
Backbay Reclamation, Churchgate, Mumbai - 400 020, India.
Tel.: +91 22 6657 6100, 6636 4062 Fax +91 22 6636 4060
Website: www.nocil.com CIN No. L99999MH1961PLC012003
Email: investorcare@nocil.com



6th January, 2025

To,

Integrated Surveillance Department

Securities and Exchange Board of India

SEBI Bhavan, Plot No. C4-A , G Block ,

Bandra Kurla Complex , Bandra (East)

Mumbai 400 071

Respected Madam ,

SUBJECT: Case/Query for Opinion : Securities And Exchange Board Of India (Prohibition Of Insider Trading) (Third Amendment) Regulations, 2024 Notified Vide No. Sebi/Lad-Nro/Gn/2024/21 And In Force W.E.F 4th December 2024

Background :

About NOCIL LTD (NOCIL) – the querist (www.nocil.com)

NOCIL (the Arvind Mafatlal Group) is one of the largest rubber chemicals players in India having a rich legacy of over 50 years in the chemical industry with over 40 years of rubber chemicals. The Company is listed on BSE(Scrip Code: 500730) & NSE (NOCIL) having



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approximately 1,83,000 public shareholders . The Company has two state-of-the-art manufacturing sites at Navi Mumbai and Dahej (Gujarat).

The Company is absolutely professionally managed with a vibrant Board comprising of 9 Directors of which 6 Directors (67%). are Independent The Company follows a policy of strict compliance with all the applicable laws, in letter and spirit and has one of the best Investor servicing records in its category.

NOCIL 's features in list of top 1000 companies(NSE) with ranking of 694 market capitalization as on 31st March 2024 the market capitalization being valued at :- Rs 4167.81 Cr

QUERY FOR OPINION

The matter concerns :

- I. **SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) (THIRD AMENDMENT) REGULATIONS, 2024** notified vide No. SEBI/LAD-NRO/GN/2024/21 and in force w.e.f 4th December 2024 (hereinafter referred to as the Amended PIT Regulations).
- II. **The current NOCIL CODE FOR PREVENTION OF INSIDER TRADING (NOCIL Code) { Annex :A).**

AND

- III. **Impact of the Amended PIT Regulations and compliances to be initiated in context of : “ Relatives “ of Designated Persons (D.Ps) and the applicability of the NOCIL Code to such Relatives ”**

Our understanding of the implications of the Amended PIT Regulations

Connected Persons : The amended PIT Regulations have expanded the coverage of **Connected Persons** and **consequently that of the Insiders & Designated Persons to cover a much bigger list of “Relatives”** against a much-restricted list of ‘Immediate Relatives’ previously

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Connected Persons : Pre-Amendment status (<i>restricted to immediate Relatives</i>)	Connected Persons : Post-Amendment:- (<i>Expanded scope to cover "Relatives"</i>)
<p>The term "Immediate Relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, <u>any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.</u></p> <p>Rebuttable Presumption It is intended that the immediate relatives of a "connected person" too become connected persons for purposes of these regulations. <u>Indeed, this is a rebuttable presumption.</u></p>	<p><u>The term "Relative" shall mean the following:</u></p> <ul style="list-style-type: none"> (i) spouse of the connected person (ii) parent of the connected person and parent of its spouse. (iii) sibling of the connected person and sibling of its spouse. (iv) child of the connected person and child of its spouse. (v) spouse of the connected person listed at sub-clause (iii); and (vi) spouse of the connected person listed at sub-clause (iv) <p>Rebuttable Presumption (retained) It is intended that the relatives of a "connected person" too become connected persons for the purpose of these regulations. It is a rebuttable presumption that a connected person had UPSI</p>

Connected Persons :	Connected Persons : Post-Amendment:- Expanded scope to cover "persons sharing household or residence with a connected person"
Not extendable to cover "persons sharing household or residence with a connected person"	



Connected Persons : not extendable to cover a firm or its partner or its employee in which a connected person is also a partner.

Connected Persons : Expanded scope to cover a firm or its partner or its employee in which a connected person specified in sub-clause is also a partner;

Designated Persons (D.Ps) under the Regulations 9 & 9A of PIT Regulations & NOCIL Code

Our understanding of the concept :

The Board of Directors of a Listed Company shall formulate a Code of Conduct to Regulate, Monitor and Report trading by their Designated Persons and their Relatives towards achieving compliance with these Regulations. The Board of Directors shall in consultation with the Compliance Officer specify the Designated Persons to be covered by the Code of Conduct on the basis of their role and function in the organization and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-

Listed Company	<ul style="list-style-type: none"> • The Chief Executive Officer and Employees upto two levels below Chief Executive Officer <u>irrespective of their functional role in the company or ability to have access to unpublished price sensitive information and their Relatives.</u> • <u>All Promoters of such Listed Company and their Relatives</u> • All employees designated by the Compliance officer on the basis of their functional role or access to unpublished price sensitive information <u>and their Relatives.</u> • <u>Support staff</u> such as IT staff or secretarial staff designated by the Compliance officer on the basis of their functional role or access to unpublished price sensitive information in the organization <u>and their Relatives.</u>
Intermediary (All Promoters, (who are individuals or investment



<p>registered with SEBI viz Investment Banks, Research Analysts etc)</p>	<p>companies), Employees & Support staff such as IT staff or secretarial staff designated on the basis of their functional role or access to unpublished price sensitive information in the Listed Company and their Relatives.</p>
<p>Fiduciary (Professional firms such as Auditors, Accountancy firms, Law firms, Analysts, Insolvency professional entities, Consultants, Banks etc., assisting or advising listed company)</p>	<p>All Promoters, (who are individuals or investment companies), Employees & Support staff such as IT staff or secretarial staff designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or their analogous body and their Relatives.</p>
<p>Obligations of Designated persons (D.Ps)</p>	<p>D.Ps shall be required to disclose Names , Permanent Account Number (PAN Nos), Mobile and cell numbers , email ids and demat account nos or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes to the Compliance Officer</p> <ul style="list-style-type: none"> • Self • relatives; • Persons with whom such designated person(s) shares a material financial relationship <p>D.Ps (and their Relatives) shall be required to make periodic</p>

2



disclosures regarding their shareholding in the company

D.Ps (and their Relatives) shall have to take prior approval of the Compliance officer for any selling or buying of the shares of the Listed Company

D.Ps (and their Relatives) shall be notified about the closure of the Trading Window by the Compliance Officer and during which the D.Ps and their Relatives are strictly prohibited from selling or buying any shares of the Company

Impact of the Amended PIT Regulations on the : NOCIL Code on Prevention of Insider Trading (hereinafter referred to as the 'Code') & queries arising therefrom

Query No:-1: Relatives of D.Ps

Fiduciaries	<p><i>Should the Code be extended to cover the “: RELATIVES “ of following D.Ps ?</i></p> <p>(i) EACH Promoter (in case the Fiduciary is a company) who is</p> <p>(ii) EACH Partner (in case the Fiduciary is a Firm/LLP);</p> <p>(iii) Employees/Representatives & Support staff working on the Listed Company’s mandate/project/assignment</p>
Intermediaries	<p><i>Should the Code be extended to cover the “: RELATIVES “ of the following D.Ps ?</i></p> <p>(i) EACH Promoter (in case the Fiduciary is a company) who is</p>

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	<p>(ii) EACH Partner (in case the Fiduciary is a Firm/LLP);</p> <p>(iii) Employees/Representatives & Support staff working on the Listed Company's mandate/project/assignment</p>
Listed Company	<p>Should the Code be extended to cover the “: RELATIVES “ of the following D.Ps ?</p> <ul style="list-style-type: none">• <u>The Chief Executive Officer and Employees upto two levels below Chief Executive Officer</u> irrespective of their functional role in the company or ability to have access to unpublished price sensitive information.• <u>All Promoters of such Listed Company</u>• <u>All employees designated by the Compliance officer</u> on the basis of their functional role or access to unpublished price sensitive information.• <u>Support staff</u> such as IT staff or secretarial staff designated by the Compliance officer on the basis of their functional role or access to unpublished price sensitive information in the organization

Query -2) What happens when Relatives of D.Ps refuse to share their PAN Nos and other details, as required the Amended PIT Regulations on the following grounds : Individuals who are totally independent- financially, situationally and socially (Only technically falling in the category of relatives) cannot be compelled by the D.Ps of a company to mandatorily share their personal data viz PAN Nos, Demat account, Cell Nos etc . In particular the following Relatives can by no stretch of imagination be compelled :

- sibling of the connected person and siblings of its spouse (brothers and sisters of the connected person and brothers and sisters of his/her spouse- *isn't this relationship being extended too far ?*
- child of the connected person and child of its spouse (*does this refer to children of previous marriage of either of the spouses ?*)



- spouse of the connected person listed at sub-clause (iii); (does this refer to the spouses of the brothers and sisters of the connected person?)
- spouse of the connected person listed at sub-clause (iv) (does this refer to the daughter/son in laws ?)

Query-3) Designated Persons (D.Ps) under the Regulations 9 & 9A of the PIT Regulations

Are all connected persons and their relatives are to be considered as Designated Persons ?

In our view : Only those persons (includes Directors, Promoters, Employees of the listed company and those of its fiduciaries and intermediaries) which in the opinion of the Board are exposed to or have access to UPSI) are to be treated as D.Ps and NOT ALL CONNECTED PERSONS . Thus, while all D.Ps are Connected Persons, all Connected persons are not D.Ps

Query No-4) Subject to clarification on above Query No- 3, the following queries arise :

Connected Persons (amended definition) : Expanded scope to cover “persons sharing household or residence with a connected person”	Should we amend our Code to cover “persons sharing household or residence with a D.P ?
Connected Persons (amended definition) : Expanded scope to cover a firm or its partner or its employee in which a connected person specified in sub-clause is also a partner;	Should we amend our Code to cover “a firm or its partner or its employee in which a D.P is also a partner ?

For NOCIL Limited

Amit K. Vyas

Asst. Vice President -Legal & Company Secretary