

**NOCIL LIMITED**

**CODE OF CONDUCT**

**FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

**A) Introduction**

This Code of Conduct (hereinafter referred to as the “Code”) shall be called “The Code of Conduct for Directors and Senior Management Personnel” of NOCIL Limited.

This Code of Conduct (the “Code”) has been adopted by our Board of Directors and summarizes the standards that must guide our actions. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where decisions must be made on rational basis, but rather set forth the key guiding principles that represent the policies of the Company.

We must strive to foster a culture of integrity and accountability. Our commitment to the highest level of ethical conduct should be reflected in all the business activities of the Company including, but not limited to, manufacturing operations, Total Quality Management, Health Safety and Environment, maintaining of cordial relationships with employees, customers, suppliers, members of the public and our shareholders. The Directors and Senior Management Personnel must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our most valuable assets is our reputation for Ethical Management, integrity, professionalism and fairness. We should all recognize that our actions have a direct bearing of our reputation and adhering to this Code and applicable law is imperative.

This Code shall come into force with effect from the 1st day of October, 2014.

**B) Definitions & Interpretation**

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

- "Board" shall mean the Board of Directors of the Company.
- "Company" shall mean NOCIL Limited.
- "Officers" shall collectively refer to the Executive Directors, Non-Executive Directors, Independent Director and the Senior Management Personnel.
- "Senior Management Personnel" shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads.
- "Executive Directors/ Whole time Directors" shall mean and include Company's Managing Director and Directors who are in full time employment of the Company.
- "Non-Executive Directors" shall mean the Directors who are not in the whole time employment of the Company.
- "Independent Directors" shall mean a Director other than a Managing Director or a Whole time Director or a nominee director, who:
  - (a) In the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - (b) (i) is or was not a promoter of the company or its holding, subsidiary or associate company;  
  
(ii) is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - (c) apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.

- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company or their promoters or directors, amount to two per cent or more of its gross turnover or total income of fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who neither himself or nor any of his relatives –
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amount to ten per cent or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
  - iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
  - v) is a material supplier, service provider or customer or a lessor or lessee of the Company;
- f) fulfills the age criteria as mentioned in clause 49 of the Listing Agreement as amended from time to time;

- g) has the requisite qualification as prescribed in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### **C) Duties of the Directors of the Company**

The Directors of the Company shall adhere to the following duties as prescribed under the Companies Act, 2013:

- 1) Subject to the provisions of the Companies Act, 2013 (“the Act”), Directors of the company shall act in accordance with the Articles of Association of the Company.
- 2) Directors of the Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- 3) Directors of the Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- 4) Directors of the Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- 5) Directors of the Company shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners, or associates and if such Director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the Company.
- 6) Directors of the Company shall not assign his office and any assignment so made shall be void.

### **D) Code for Independent Directors**

The Independent Directors of the Company shall abide by this Code and adhere to the following standards as set out under the Act for fulfillment of their responsibilities in a professional and faithful manner:

The Independent Directors shall:

- 1) uphold ethical standards of integrity and probity;

- 2) act objectively and constructively while exercising his/her duties;
- 3) exercise his/her responsibilities in a bona fide manner in the interest of the Company;
- 4) devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his/her 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) not abuse his/her 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) refrain from any action that would lead to loss of his/her independence;
- 8) where circumstances arise which make an Independent Director lose his/her independence, the Independent director must immediately inform the Board accordingly;
- 9) assist the Company in implementing the best corporate governance practices.

### **Role and functions**

The Independent Directors shall:

- 1) help 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) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- 4) satisfy themselves on the integrity of financial information and that financial controls and the 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 of Independent Directors**

The Independent Directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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 of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the Company;
- 6) where they 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 their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves 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 themselves 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 behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- 12) acting within his 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.

#### **E) Conflicts of Interest**

The Directors and Senior Management Personnel have an obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the business interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when the Directors and Senior Management Personnel takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when the Directors and Senior Management Personnel (or his or her family members) receives improper personal benefits as a result of their position in the Company.

The following are a few examples of situations which may be constituted as causing conflict of interest:

- Working, in any capacity, for a competitor, customer, supplier or other third party while employed by the Company.
- Accepting gifts or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits from a competitor, customer or supplier.
- Competing with the Company for the purchase or sale of any property, products or services.
- Having an interest in a transaction of the Company, with its customer or supplier.

In the event an actual or apparent conflict of interest arises between the personal and professional relationship or activities of the Directors and Senior Management Personnel, then it is required to immediately inform the Managing Director of the Company about the concerned transaction and either withdraw himself from taking any further steps/actions in relation to the said transaction or handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

#### **F) Quality of Public Disclosures**

The Company has a responsibility to communicate effectively with shareholders and other statutory authorities and regulating agencies so that they are provided with full and accurate information, in all material respects, about the financial condition and results of operations of the Company. It is, therefore, the responsibility of the Directors and Senior Management Personnel to ensure that the reports prepared and submitted by the Company and our other public communications include full, fair, accurate, timely and understandable disclosures.

#### **G) Compliance with Laws, Rules and Regulations**

We are strongly committed to conducting our manufacturing operations and business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No Directors and Senior Management Personnel of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

#### **H) Trading on Inside Information**

The Directors and Senior Management Personnel of the Company will be privy to certain confidential information about the manufacturing, financial operations and any other material development of the Company which is likely to affect the price of its securities when made public.

Using such confidential and price sensitive information to trade in securities, or providing a family member, friend or any other person with a confidential information is illegal. All such information should be considered inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company's Code of Conduct for Prevention of Insider Trading, copies of which are distributed to the Directors and Senior Management Personnel and are available from the Company Secretary. You should contact the Company Secretary with any questions about your ability to buy or sell securities.

#### **I) Protection of Confidential Proprietary Information**

Confidential proprietary information generated and gathered in our business is a valuable asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all confidential information that might be useful to competitors or that could be harmful to the Company or its customers if disclosed. Intellectual property such as details of manufacturing operations, patents, trademarks and copyrights, as well as business, research and new product or expansion plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of proprietary information could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require Board of Directors and Senior Management Personnel to observe such rights.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession at the time of leaving the Company.

#### **J) Protection and Proper Use of the Company's Assets**

Protecting the assets of the Company's against loss, theft or other misuse is the responsibility of the Directors and Senior Management Personnel. Loss, theft and misuse of these assets directly impact our profitability.

Any suspected loss, misuse or theft should be reported to a manager/supervisor or the Managing Director.

The sole purpose of the Company's equipment, vehicles, supplies and electronic resources (including, hardware, software and the data thereon) is to enable the conduct of our business in a profitable manner. They must only be used for the Company's business and should not be put to any personal use unless specifically authorized by the Management.

#### **K) Corporate Opportunities**

The Directors and Senior Management Personnel are prohibited from taking any advantage for themselves through the business opportunities that arise on account of the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain.

#### **L) Fair Dealing**

The Directors and Senior Management Personnel of the Company should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No payment in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. The Company and the Directors and Senior Management Personnel involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Occasional business gifts to and entertainment of non-employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of the Company's business. However, these gifts should be given infrequently and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

#### **M) Compliance with This Code and Reporting of Any Illegal or Unethical Behavior**

The Directors and Senior Management Personnel are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as dismissal or

removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities. The Managing Director of the Company will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Board of Directors and, in the case of accounting, internal accounting controls or auditing matters subject to the supervision of the Audit Committee of the Board of Directors. The Company will devote the necessary resources to enable the Managing Director to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code. Questions concerning this Code should be directed to the Company Secretary.

The Company encourages the Directors and Senior Management Personnel to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by the Directors and Senior Management Personnel without fear of retribution or retaliation is vital to the successful implementation of this Code. You are required to cooperate in internal investigations of misconduct and unethical behavior.

The Directors and Senior Management Personnel should promptly report any concerns about violations of ethics, laws, rules, regulations or this Code to the Managing Director.

The Managing Director shall notify the Board of Directors of any concerns about violations of ethics, laws, rules, regulations or this Code by any senior executive officer or director reported to him.

#### **N) Waivers and Amendments**

Any waivers (including any implicit waivers) of the provisions in this Code for the Directors and Senior Management Personnel may only be granted by the Board of Directors

#### **O) Affirmation of Compliance with the Code of Conduct**

The Directors and Senior Management Personnel shall within 15 days of the close of every financial year affirm compliance with the Code. The Compliance Report / Certificate shall be forwarded to the Compliance Officer of the Company.

#### **P) Publication of the Code of Conduct**

The Code of Conduct as amended from time to time shall be published / posted in the website of the Company [www.nocil.com](http://www.nocil.com)

21.07.2014