

**GOKUL REFOILS & SOLVENT LIMITED**  
**CODE OF CONDUCT FOR PERVENTION OF INSIDER TRADING**

**1) Introduction:**

Pursuant to SEBI (Insider Trading) (Amendment) Regulations, 2002. The Board of Directors of the Company in its meeting held on 23<sup>rd</sup> June,2008 approved the “Code of Conduct for Prevention of Insider Trading” which come into force with immediate effect. The objective of the code is to prevent dealing in securities of the company by an insider either on his own behalf or on behalf of any other person, on the basis of unpublished price sensitive information.

**2) Applicability:**

**This Code is applicable to all directors, officers and employees of Gokul Refoils & Solvent Limited and its subsidiaries (herein after referred as 'Company' or Gokul Refoils & Solvent Limited ')**

Gokul Refoils & Solvent Limited is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This Code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each Director, officer and employee is expected to comply with the letter and spirit of this Code.

**3) DEFINITIONS:**

**1.1 Annual Report**

“Annual Report” includes all reports which are required to be placed before the members of the Company annually, i.e. Balance Sheet, Profit and Loss Account, Directors’ Report, Auditors’ Report and every other document which is required to be annexed or attached or forming part thereof.

**1.2 Audit Committee**

Audit Committee is the committee which is constituted pursuant to section 292A of the Companies Act, 1956 read with Clause 49(II) of Listing Agreement with Stock Exchange.

**1.3 Board of Directors**

“Board of Directors” and/or “ Board members” are the person who are on the Board of the Company from time to time whether as an Executive Director, Non Executive Director, Independent or Non- Independent Directors

#### **1.4 Board Committees**

“Board Committees” means the Committee(s) constituted by the Board of Directors from time to time with delegated powers and responsibilities and include each member of such Board Committees.

#### **1.5 Senior Management**

“Senior Management” means and includes all business units heads and Departmental Heads in the Company one level below the Managing/ Executive Directors of the Company

#### **1.6 Board Report**

“Board Report” has the same meaning as defined under section 217 of the Companies Act, 1956.

#### **1.7 Employee**

A person who performs a full time service for wages, salary, or other remuneration.

#### **1.8 The Company or this Company**

The Company or this Company means “**Gokul Refoils & Solvent Limited**”

#### **1.9 Good Faith**

An Employee communicates in “good faith” if there is a reasonable basis for the communication of the existence of waste or of a violation or has observed about unethical or improper practices. “Good Faith” is lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the unethical or improper practices is malicious, false or frivolous.

#### **1.10 Internal Circulars**

“Internal Circular” is a communication made on behalf of the Company by an authorized person which is addressed to the employees of the Company through any mode including but not restricted to email, fax, phone, notice board, inter office memo, etc.

#### **1.11 Right of Access or Right of Approach**

The Right to an employee to give a written report to the Audit Committee for the alleged misconduct or unethical or improper practice, which an employee has observed or found in the Company.

#### **1.12 Supervisor**

Supervisor means the seniors of the employee to whom he is supposed to report in his official work.

#### **1.13 Unfair Termination and Unfair Prejudicial Employment Practices**

“Unfair termination” and “Unfair prejudicial employment practices” means to threaten, or otherwise discriminate or retaliate against an employee in any manner that effects the employee’s employment, including compensation, job location, rights, immunities, promotions, or privileges.

#### **1.14 Unethical or Improper Practices**

1.14.1 Unethical – Unethical act is the act not conforming to approved standards of social or professional behavior which leads to “unethical business practices” or a action not adhering to ethical, moral and honorable principles.

1.14.2 Improper – Improper refers to unethical conduct, breach of etiquette or morally offensive behaviours.

**1.15 Violation** – An infraction or a breach which is not necessarily a violation of law, of Company’s policies, Memorandum and Articles of Association, code of conduct designed to protect the interest of employees without jeopardizing interest and growth of Company.

**1.16 Waste** – Employer’s conduct or omission, which results in substantial abuse, misuse destruction, or loss of Company funds, property or manpower belonging to the Company.

**1.17 Whistle Blower** – An Employee who reveals wrongdoings about any Unethical or Improper practices carried on by the Company and communicates in Good Faith to the Audit Committee in writing.

a. When an employee, officer or Director takes action or has interests that may make it difficult to perform his or her work objectively and effectively.

b. The receipt of improper personal benefits by a member of his or her family as a result of one’s position in the Company.

c. Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company,

d. The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings,

e. Any significant ownership interest in any supplier, customer, development partner or competitor of the Company,

f. Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.

## **CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION:**

### **4. Compliance Officer:**

**4.1** Company Secretary shall be the Compliance Officer and report to the Chairman and Managing Director.

**4.2** The Compliance Officer shall set forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information, pre-clearing of designated Employees' and their Dependents Trades (directly or through respective department heads), monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Chairman and Managing Director.

**4.3** A Record of Designated Employees and their dependents shall be maintained in Compliance Officer in consultation with General Manager (HR), GRSL Corporate Office under the overall supervision and control of the Compliance Officer and changes taking place in the list from time to time shall be incorporated therein.

**4.4** The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time and the Company's Code of Conduct.

**4.5** The Compliance Officer shall designate a Senior Official of the Company to act as Compliance officer in his absence.

### **5. Preservation of "Price Sensitive Information":**

**5.1** All Directors/designated employees shall maintain the confidentiality of price sensitive information. They shall not communicate or counsel or procure directly or indirectly any unpublished price sensitive information to any person and pass on such information to any person, directly or indirectly by way of making recommendations for acquisition/purchase/sale of the securities of the Company;

**5.2** All Directors/designated employees should not acquire/purchase/sell Company's shares either on behalf of themselves or others when in possession of unpublished price sensitive information.

**5.3** Price Sensitive Information shall be handled on a "need-to-know" basis i.e. price sensitive information should be disclosed only to those within the Company who need the information to discharge their duty and/or functions and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

**5.4** Files containing confidential information shall be kept secure.

This code prescribes the conduct for certain identifiable common problems of conflicts of interest as under :

## **TRADING RESTRICTIONS:**

### **6. Trading Window:**

**6.1** When the trading window is closed, all directors/ designated employees of GRSL shall not trade in the company's securities in such period. The trading window shall be closed during the time the information referred to in

**6.2** The Trading Window shall be *inter-alia* closed:

(a) Seven days prior to Board meeting for declaration of quarterly, half-yearly, annual financial results, declaration of interim dividend, final dividend, issue of securities by way of public/right/bonus etc. any major expansion plans or execution of new projects; amalgamation, mergers, takeovers and buy-back; approve disposal of whole or substantially whole of the undertaking; any significant changes in policies, plans or operations of the company;

(h) For such period and for any such other event as may be deemed fit by the Compliance Officer; However if the circumstances so warrants the time for closing the window may be increased or decreased with the approval of Chairman & Managing Director.

**6.3** The trading window shall be opened 24 hours after information referred to in para 6.2 is made public.

**6.4** All Directors/designated employees shall conduct all their dealings in the securities of the company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed, as referred to in para 6.2 or during any other period as may be specified by the Company from time to time.

**6.5** In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed

### **7. Pre-clearance of trades:**

**7.1** All Directors/ designated employees and their dependents who intend to deal in the securities of the company above a minimum of 200 shares of the company in a calendar month should pre-clear the transactions as per the pre-dealing procedure as described hereunder.

**7.2** An application shall be made in Form 'I' to the compliance officer indicating the estimated number of securities that the designated employee/ officer/ director intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.

**7.3** An Undertaking shall be executed in favor of the Company by such Designated employee/ Director/ Officer incorporating, *inter alia* the following clauses, as may be applicable :

(a) That the designated employee/director/officer/dependent family member does not have access or has not received price sensitive information up to the time of signing the Undertaking.

(b) That in case, the designated employee/director/officer/dependent family member has access to or receive any “Price Sensitive Information” after the signing of this undertaking but before execution of the transaction, he/she shall inform the Compliance Officer of the change in position and that he/she shall refrain from dealing in securities of the company till such information is made public.

(c) That he/she has not contravened the Company’s Code of Conduct Prevention of Insider Trading as notified by the company from time to time.

(d) That he/she has made full and true disclosure in this application.

**7.4** All directors/designated employees and their dependents shall execute their order in respect of securities of the company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the employee/director must pre-clear the transaction again.

**7.5** It shall be the responsibility of designated employees/directors to ensure compliance of clause 7.1 to 7.4 above in case of their dependents also.

## **8. Minimum Period for holding of Securities/Listed Securities:**

**8.1** All Directors/designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/officers/designated employees shall also not take positions in derivative transactions in the shares of the company at any time.

**8.2** In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

**8.3** In case the sale of securities is necessitated by personal emergency the holding period may be waived by the Compliance Officer after recording in writing his reasons in this regard.

The directors, officers and employees should be scrupulous in avoiding 'conflicts of interest' with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Board of directors or any Committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

## **9) Penalty for Contravention of the Code:**

**9.1** All Directors/Officers/designated employees who trades in securities or communicates any information for trading in securities in contravention of the code of conduct may be penalized and appropriate action may be taken by the Company.

**9.2** All Directors/Officers/designated employees who violate this Code of Conduct shall also be subject to disciplinary action by the company, which may include wage, salary freeze, suspension, withholding of promotions etc.

**9.3** The action by the Company shall not preclude SEBI from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

## **10. Information to SEBI in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended:**

**10.1** In case it is observed by the Company and/or Compliance Officer that there has been violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the Company.

### **Honest and Ethical Conduct:**

The Directors, officers and employees shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct not only on Company's premises and off site but also at company sponsored business, social events as well as any places. They shall act and conduct free from fraud and deception. Their conduct shall conform to the best-accepted professional standards of conduct.

### **Corporate Opportunities:**

Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors, officers, and employees are expressly prohibited from:

- a. Taking for themselves personally, opportunities that are discovered through the use of Company's property, information, or position,
- b. Competing directly with the business of the Company or with any business that the Company is considering.
- c. Using Company's property, information, or position for personal gain. If the Company has finally decided not to pursue an opportunity that relates to the Company's business activity, he/she may pursue such activity only after disclosing the same to the Board of directors or the nominated person/committee.

**Confidentiality** - The directors, officers and employees shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except

when disclosure is authorized or legally mandated. The Confidential information includes all non-public information (including private, proprietary, and other) that might be of use to competitors or harmful to the Company or its associates. The use of confidential information for his/her own advantage or profit is also prohibited.

**Fair Dealing:**

Each director, officer, and employee should deal fairly with customers, suppliers, competitors, and employees of group companies. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices.

**Protection and Proper Use of Company's Assets:**

All directors, officers and employees should protect Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability. Company's assets should be used only for legitimate business purposes.

**Compliance with Laws, Rules, and Regulations:**

The Directors, officers and employees shall comply with all applicable laws, rules, and regulations. Transactions, directly or indirectly, involving securities of the Company should not be undertaken without pre-clearance from the Company's compliance officer. Any director, officer or employee who is unfamiliar or uncertain about the legal rules involving Company business conducted by him/her should consult the legal department of the Company before taking any action that may jeopardize the Company or that individual.

**Protection & Furtherance of Company's & Image:**

No Director, Officer or Employee shall directly or indirectly, actively, or passively conduct or promote or keep silent to any circumstances or event which is detrimental to the image & Corporate Image of the Company.

**Compliance with Code of Conduct:**

If any director, officer or employee who knows of or suspects of a violation of applicable laws, rules or regulations or this Code of conduct, he/she must immediately report the same to the Board of Directors or any designated person/committee thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

Violations of this Code of Ethics will result in disciplinary action, which may even include termination of services of the employee. The Company's Board or any Committee/person



designated by the Board for this purpose shall determine appropriate action in response to violations of this Code of Ethics.

**Interpretation of Code:**

Any question or interpretation under this Code of Ethics and Business Conduct will be handled by the Board or any person /committee authorised by the Board of the Company. The Board of Directors or any designated person/committee has the authority to waive compliance with this Code of business conduct for any director, officer or employee of the Company. The person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board or the designated person/ committee.

**Code of ethics for the Board Members, Committee Members & Senior Management team and including SBU Heads, Financial Head:**

Honesty, integrity and sound judgment of the Board members, Committee Members & Senior Management team is fundamental for the success and reputation of Gokul Refoils & Solvent Limited. The professional and ethical conduct of the Board Members, Committee Members & Senior Management team is essential to the proper functioning of the Company. The Board members, Committee Members & senior management team shall be bound by the following code of ethics:

- a. Act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal, financial and professional relationships,
- b. Make full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits or makes periodically, to the shareholders, government authorities, and to the public,
- c. Comply with governmental laws, rules, notifications and regulations applicable to the Company's business,
- d. Disclose to the Board or any committee/officer designated by the Board for this purpose, any material transaction or relationship that reasonably could be expected to give rise to any violations of the code including actual or apparent conflicts with the interests of the company,
- e. Promote prompt reporting of violations of the Code of Ethics to the Board of Directors or any person/committee designated for this purpose, as may be necessary,
- f. Respect the confidentiality of information acquired in the course of employment/ position unless legally obliged to disclose and ensure that no such confidential information is used for personal advantage/benefit,
- g. Maintain the skills necessary and relevant to the Company's needs,

- h. Act in good faith, responsibility, with due care, competence and diligence without misrepresenting material facts,
- i. Refrain from any inappropriate or undue influence of any kind in all dealings with independent auditors, and avoid any actual or apparent conflicts with analysts,
- j. Achieve responsible use of and control over all assets and resources employed or entrusted to them,
- k. Promote ethical and honest behavior within the Company and its subsidiaries,

All Board Members, Committee Members ,Senior Management team and employees should adhere to both the code of business conduct and the code of ethics of the Company. Violation of the code of ethics will lead to appropriate disciplinary action including dismissal from the services/ position of the Company.

Any deviation/waiver from this code can only be effected on the sole and absolute discretionary authority of the Board or any person/committee designated by the Board for this purpose.

**Disclaimer:**

This handbook is intended solely as a guide. The language used in this handbook should not be construed as creating a contract of employment between Gokul Refoils & Solvent Limited any of its employees. Gokul Refoils & Solvent Limited expressly retains the right to unilaterally modify or amend this handbook, at the Company's sole discretion with or without notice to the Company's employees. Disciplinary/Termination procedures in implementation of the polices should not be construed as preventing, limiting or delaying the company from taking any disciplinary action, including immediate discharge, in circumstances where the company deems such actions appropriate.