

CODE OF CONDUCT – BOARD MEMBERS / SENIOR MANAGEMENT PERSON (S)

Introduction

The Securities and Exchange Board of India (SEBI) vide its circular dated 29th October 2004 has revised Clause 49 of the Listing Agreement. The revised clause 49 now makes it mandatory for every listed Company to lay down a Code of Conduct to be followed by the Board Members, the Senior Management Person(s) of the Company and the person(s) connected with them.

The “Connected Person(s)” the following persons:

- a) Spouse, parent, brother, sister, child or step-child
- b) A body corporate with which the Director / Senior Management Person(s) is associated.
- c) A person acting as the Trustee of any trust, the beneficiaries of which includes the Director / Senior Management person at (a) above or the body corporate at (b) above.
- d) A person acting as a partner or any person who by virtue of (a) – (c) above is connected with the Director / Senior Management Person(s).

The Code of Conduct outlines the responsibility of Director/Senior Management Person(s) to the Company and amongst other things establishes procedures for dealing with any potential conflict of interest which may arise between the responsibilities of a Director / Senior Management Person(s) and any other outside interest which he/she or a connected person(s) may have. The Code is not a full statement of the obligations of a Director / Senior Management Person(s) arising from his/ her relationship with the Company. It is the responsibility of each Director / Senior Management person to ensure that all of these activities whether covered specifically or otherwise in these documents, are governed by the ethical considerations implicit in these procedures.

The Directors of “**APCOTEX INDUSTRIES LIMITED**” (“Company”) adopt this Code of Conduct (the “Directors’ / Senior Management Person(s)’s Code”) to assist directors / Senior Management Person(s) in fulfilling their duties to the Company. The directors are entrusted with responsibility to oversee management of the business and affairs of the Company. As the Company’s policy-makers, the directors set the standard of conduct for all directors, officers and employees.

“**APCOTEX INDUSTRIES LIMITED**” has a long-standing commitment to comply with applicable laws and regulations and to operate in accordance with the highest standards of business conduct.

GUIDELINES FOR CONDUCT

Every Director / Senior Management person(s) shall use due care in the performance of his/her duties, be loyal to the Company and act in good faith and in a manner he reasonably believes to be in and / or not opposed to the best interests of the Company. A director / Senior Management person shall:

- make reasonable efforts to attend Board / Committee / Management Review Meetings regularly;
- dedicate sufficient time, energy and attention to the Company to ensure diligent performance of his/her duties, including preparing for meetings and discussions thereby reviewing in advance materials distributed by the Company, if any and making reasonable inquiries;
- be aware of and seek to fulfill his or her duties and responsibilities as set forth in the Company's Memorandum & Articles of Association and Corporate Governance guidelines;
- seek to comply with all applicable laws, regulations, confidentiality obligations and Corporate Policies, laid down by the Company;
- ensure that private or personal financial interest doesn't influence his decisions and he never uses his position as members of Board / Senior Management person for personal gain of any sort; and
- disclose precisely any direct or indirect pecuniary interest or other interest which is not pecuniary but which could influence judgment or give the impression that the Board member / Senior Management Person(s) was / were acting from personal motives.

CORPORATE BUSINESS OPPORTUNITIES

Except as described elsewhere herein, a director / Senior Management Person(s) may engage in business so long as he/she does not pre-empt or seize a corporate business opportunity. A corporate business opportunity is:

- (1) an opportunity in the Company's line of business or proposed expansion or diversification,
- (2) which the Company is financially able to undertake and
- (3) which may be of interest to the Company. A director who learns of such a corporate business opportunity and who wishes to participate in it should disclose the opportunity to the Board of Directors. If the Board of Directors determine that the Company does not have an actual or expected interest in the opportunity, then, and only then, may the director participate in it, provided that the director has not wrongfully utilized the Company's resources in order to acquire the opportunity.

CONFLICTS OF INTEREST

Directors / Senior Management Person(s) are expected to dedicate their best efforts to advancing the Company's interests and to make decisions that affect the Company based on the Company's best interests and independent of outside influences.

A conflict of interest occurs when one's private interests interfere in any way, or even appear to interfere, with the interests of the Company. A conflict situation can arise when a director / Senior Management person takes actions or has interests that make it difficult to perform his/her duties for the Company objectively and effectively. A director's / Senior Management person's obligation to conduct the Company's business in honest and ethical manner includes the ethical handling of actual or apparent conflicts of interest between personal and business relationships.

Following are some common examples that illustrate actual or potential conflicts of interest:

- Owning an interest in a company that competes with or does business with APCOTEX INDUSTRIES LIMITED.
- Participating in a joint venture, partnership or other business arrangement with the Company; and
- Employment with or serving as a director of a competitor, customer or supplier of the Company.

A director / Senior Management person who has an actual or potential conflict of interest, including any of the situations described above, must disclose to the Board / to the Chairman / Managing Director / Whole-Time Director

- (1) the existence and nature of the actual or potential conflict of interest and
- (2) all facts known to him/her regarding the transaction that may be material to judgment whether to proceed with the transaction or not. The director / Senior Management person may proceed with the transaction only after receiving approval from the Board / Chairman.

LOANS

A director / Senior Management person may not obtain any loan from the Company.

GIFTS AND ENTERTAINMENT

When acting on behalf of APCOTEX INDUSTRIES LIMITED, Directors / Senior Management person should never request gifts, entertainment or any other business courtesies from people doing business with the Company (including suppliers, customers, competitors, contractors and consultants).

Unsolicited gifts are permissible if they are customary and commonly accepted business courtesies; not excessive in value; and given and accepted without an express or implied understanding that the Director / Senior Management Person(s) is in any way obligated by acceptance of the gift. Meals in the ordinary course of business and infrequent meals and entertainment, such as cultural or sporting events, that are attended by both the Director / Senior Management person and the giver are not considered gifts.

Gifts of cash or cash equivalents (including gift certificates, securities, below-market loans, etc.) of any amount are prohibited.

COMPANY PROPERTY

Directors / Senior Management Person(s) have responsibility to safeguard and properly use Company's assets and resources, as well as assets of other organizations that have been entrusted to the Company. Except as specifically authorized, Company assets, including Company equipment, materials, resources and proprietary information, must be used for Company business purposes only.

CONFIDENTIAL INFORMATION

Directors / Senior Management Person(s) shall maintain confidentiality of information entrusted to them by the Company. The Company's confidential and proprietary information shall not be inappropriately disclosed or used for personal gain or advantage of Director / Senior Management person or anyone other than the Company.

FAIR DEALING

Directors / Senior Management Person(s) shall endeavor to deal fairly with the Company's Customers, Suppliers, Competitors and Employees and shall never take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is committed to compliance with all laws, rules and regulations that govern the conduct of our business. Directors / Senior Management Person(s) must ensure compliance with all laws, rules and regulations governing the business of the Company.

SECURITIES LAWS

It is Company policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, the Securities and Exchange Board of India, the Stock Exchange, Registrar of Companies and in other public communications made by the Company. Directors / Senior Management person(s) must abide to the applicable Company policies and procedures designed to promote compliance with all such security laws.

INSIDER TRADING

Directors / Senior Management Person(s) are prohibited by Company policy and SEBI Regulations from buying or selling securities of the Company when in possession of material Unpublished Price Sensitive Information. Passing such information on to someone who may buy or sell securities (tipping) is also illegal. The prohibition applies to Company's securities and to securities of other companies if you learn material Unpublished Price Sensitive Information about other companies, such as the Company's customers or suppliers, in the course of duties for the Company. Directors / Senior Management Person(s) are subject to additional requirements relating to reporting and effecting transactions in Company securities under the applicable regulations.

COMPETITION LAWS

While the Company competes vigorously and creatively in its business activities, its efforts in the marketplace must be conducted in accordance with all applicable Competition Act and Regulations. Directors / Senior Management person shall not engage in any activity in violation of applicable Competition Act.

DUTIES OF INDEPENDENT DIRECTOR

The Independent Director 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.

INTERACTING WITH GOVERNMENT

The various branches and levels of government have different laws restricting gifts, including meals, entertainment, and transportation and lodging, that may be provided to Government Officials and Government Employees. Directors / Senior Management Person(s) should not offer to or pay for meals, travel, lodging or any other expenses for Government Officials in

connection with the Company or Company business without first consulting with the Legal Counsel.

POLITICAL CONTRIBUTIONS

The Company will not make political contributions from corporate resources to any political party, candidate or holder of public office, or political committee in violation of section 293A of the Companies Act, 1956. This includes monetary contributions as well as in-kind contributions (such as the use of corporate property, Person(s) services or facilities).

Directors / Senior Management Person(s) shall not cause the Company to make contribution to any political party or for any political purpose without the prior approval of the Company's Board of Directors. Company directors / Senior Management Person(s) must comply with applicable laws and Company policy with respect to causing the Company to make political contributions. Directors / Senior Management Person(s) may not make personal political contributions on behalf of, or in the name of, the Company. Directors / Senior Management Person(s) will not be reimbursed or otherwise compensated for any personal political contribution.

NON-COMPLIANCE

Suspected violations of this Code must be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations would be appropriately investigated. Directors / Senior Management Person(s) who violate this Code may be subject to sanctions, up to and including a request to resign as Director or the Board's seeking removal of the Director / Senior Management Person(s), where permitted by applicable law.

A director / Senior Management person charged with a violation of this Code shall not participate in any vote at Committee Meeting(s) or the Board Meeting(s) concerning his/her alleged violation, but may remain present at such meeting(s) that may be convened for that purpose.

Any waiver of the Directors' / Senior Management person's Code shall be approved by the Board of Directors and publicly disclosed as required by law or regulation.

NO RIGHTS CREATED

This Directors' / Senior Management Person(s)'s Code sets forth guidelines for conduct of Directors / Senior Management person. It is not intended to and will not create any rights in favour of any Director, Officer, Employee, Client, Supplier, Competitor, Shareholder or any other person or entity.

This Code of Conduct is applicable to all Board Members and Senior Management person. Senior Management Persons means the Person or person(s) of the Company who are members of Company's Management Team excluding Board of Directors. This would comprise all members of the management one level below the Managing / Executive / Whole-Time Director(s), including all the functional heads.