

## **Orient Electric Limited**

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### **Code of Conduct for Directors and Senior Management**

## CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

### APPLICABILITY

This Code applies to:

- (a) Directors of the Company.
- (b) Members of Senior Management of the Company.

This Code of Conduct is adopted by the Board of Directors of the Company at their meeting held on January 23, 2018. This code is in addition to the Service Rules & Regulations.

### DEFINITIONS

**“Company”** means Orient Electric Limited.

**“Code”** means Code of conduct for Directors and Senior Management.

**“Independent Director(s)”** mean independent Director as defined in Section 149(6) of the Companies Act, 2013 read with Regulation 16 (1) (b) of the Listing Regulations.

**“Listing Regulations”** mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

**“The Board”** means Board of Directors of the Company.

**“Senior Management”** mean personnel of the Company who are members of its core management team excluding Board of Directors. It shall comprise of all members of management one level below the executive directors including the functional heads.

### INDEPENDENT DIRECTORS

#### (A) Guidelines for professional conduct

An Independent Director 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.

**(B) 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 himself/ herself 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.

**(C) Duties**

The Independent Directors shall:

- (1) undertake appropriate induction and regularly update and refresh 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 and of the Board committees of which he/ she is a member;
- (4) Participate constructively and actively in the Board Meetings, Committee meetings in which he/ she is chairperson or member.
- (5) strive to attend the general meetings of the Company;
- (6) where he/ she has concern(s) 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 himself / herself well informed about the Company and the external environment in which it operates;
- (8) not 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 himself/ herself 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) act within his/ her 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.

**(D) Separate meeting of Independent Directors**

- (1) The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of non-Independent Directors and members of management;
- (2) All the Independent Directors of the Company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (i) review the performance of non-Independent Directors and the Board as a whole;
  - (ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - (iii) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)**

- (A) Subject to the provisions of the Companies Act, 2013, a Director of the Company shall act in accordance with the Articles of Association of the Company.
- (B) A Director 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.
- (C) A Director of the Company shall exercise his/ her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (D) A Director of the Company shall not involve in a situation in which he/ she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- (E) A Director of the Company shall not achieve or attempt to achieve any undue gain or advantage either to himself/ herself or to his 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.
- (F) A Director of the Company shall not assign his/ her office and any assignment so made shall be void.

## **DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) AND SENIOR MANAGEMENT**

The Board of Directors and the Senior Management of the Company agree to abide by / undertake the following:

- (1) Attend Board/ Shareholders / Committee / Senior Management meetings and seek prior leave for absence from such meeting/s.
- (2) Exercise authority and power with due care and diligence and whilst discharging the fiduciary responsibility of office in the best interest of the Company and all the stakeholders.
- (3) Not allow personal interest to conflict with the interest of the Company while discharging the duties of office.
- (4) Abide by policies and business principles of the Company.
- (5) Comply with all applicable laws, rules and regulations.
- (6) Preserve and protect the environment with due concern for ecology, clean air and meet high levels of pollution and emission standards.
- (7) Observe strict confidentiality of the information acquired in the course of discharge of duties of office and not use the same for any personal purpose or advantage.
- (8) Use Company property only for official purposes and for no personal gain. Not accept any personal gratification from suppliers/service providers/business partners. etc. (Note: personal gratification will not include normal entertainment and gifts of no significant value).
- (9) Deal fairly with customers, suppliers, employees and other business partners.
- (10) Respect safety and health of all employees and provide working conditions which are not harmful to health.
- (11) Encourage employees to acquire skills, knowledge and training to expand/enhance their professional and specialized knowledge.
- (12) Provide equal opportunities to all employees and aspirants for employment in the Company irrespective of gender, caste, religion, race or colour, merit being the sole differentiating factor.
- (13) Conduct business operations in compliance with competition law and principles of fair market competition.
- (14) Maintain high ethical and professional standards in all dealings.
- (15) Not to indulge in conduct that may, in any manner, bring disrepute to office or tarnish the reputation and image of the Company.

- (16) Not take up any activities competing with the business of the Company.
- (17) Make proper records of all financial transactions and not create undisclosed or unrecorded account/fund or asset.
- (18) Disclose direct or indirect material interest in any transaction or matter directly affecting the Company.
- (19) To commit themselves effectively to their responsibilities.
- (20) To exercise objective independent judgement on corporate affairs.
- (21) Report any violation of this Code of Conduct either to Company Secretary or the Managing Director of the Company.

#### **INFORMATION DISSEMINATION**

This Code shall be posted by the Company on its website.

#### **REVIEW OF THE POLICY**

The Board shall review this Code from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

***In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.***

Date: 23.01.2018

Place: New Delhi