



KIRLOSKAR ELECTRIC COMPANY LIMITED

POLICY ON CODE OF CONDUCT

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### Commencement

This Code of Conduct (the "Code") shall be effective from 1st April, 2005.

### Applicability

This Code shall be applicable to each member of the Board of Directors of Kirloskar Electric Company Limited and all other employees in the grade of General Managers and above and all Divisional Heads of the Company and such other employees of the Company as may be decided for the purpose of this code by the Chairman & Managing Director of the Company from time to time (hereinafter referred to as Senior Managerial Personnel(s)).

### Objective

The objective of the Code is to ensure that all Directors and Senior Managerial Personnel(s) act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders/stakeholders.

- **HONESTY & INTEGRITY**

All Directors and Senior Managerial Personnel(s) shall conduct their activities, on behalf of the company and on their personal behalf, with honesty, integrity and fairness. All Directors and Senior Managerial Personnel(s) shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated, to their personal interests or matters against the interest of the Company. Directors shall act in the best interests of the Company and fulfill the fiduciary obligations.

- **CONFLICT OF INTEREST**

Directors on the Board of the Company and Senior Managerial Personnel(s) shall not engage in any business, relationship or activity, which may be in conflict of interest of the Company. Without prejudice to the generality of above, the following actions can result in conflict of interests and hence should be avoided.

- Directors and Senior Managerial Personnel(s) should not engage in any activity/employment that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the Company.
- Directors and Senior Managerial Personnel(s) and their immediate families should not invest in a customer, supplier or competitor of the Company and generally refrain from investments that compromise their responsibility to the Company.
- Directors and Senior Managerial Personnel(s) should avoid conducting Company business with a relative or with a Firm/Company in which a relative/related party is associated in any significant role.

- If such related party transaction is unavoidable, it must be fully disclosed to the Board or to the Managing Director, notwithstanding that the same may technically not be a disclosure required within the meaning of the Companies Act.

- **OTHER DIRECTORSHIPS**

Serving on the Board of Directors of other companies may raise substantial concerns about potential conflict of interest. And therefore, all Directors must report/disclose such relationships to the Board on an annual basis.

- **CONCURRENT EMPLOYMENT**

In consideration of Directors/Senior Managerial Personnel(s) employment with the Company, he/she is expected to devote his/her full attention to the business interests of the Company. He/she is prohibited from engaging in any activity (unless disclosed to the Board or Managing Director and consent is obtained) that interferes with his/her performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the interest of the Company. Additionally, Directors/Senior Managerial Personnel(s) must disclose to the Company any interest that he/she may have that may conflict with the business of the Company. If he/she has any questions on this requirement, he/she would contact the Company. Directors/ Senior Managerial Personnel(s) shall not, without the prior approval of the Board of the Company, accept employment or a position of responsibility (such as a Consultant or a Director) with any other company, nor provide 'freelance' service to anyone.

- **COMPLIANCE**

Directors and Senior Managerial Personnel(s) are required to comply with all the applicable laws, rules and regulations, both in letter and in spirit. In order to assist the company in promoting lawful and ethical behavior, Directors/Senior Managerial Personnel(s) must report any possible violation of law, rules, regulation or the Code of Conduct to the Compliance Officer.

- **CONFIDENTIALITY OF INFORMATION**

Any information concerning the Company's business, its customers, suppliers etc., which is not in the public domain and to which a Director or a Senior Managerial Personnel(s) has access must be considered confidential and held in confidence, unless authorised to be disclosed and when disclosure is required under a provision of law. No Director or Senior Managerial Personnel(s) shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized or required under law.

- **INSIDER TRADING**

Any Director or Senior Managerial Personnel(s) of the Company shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitutes insider

information. All Directors and Senior Managerial Personnel(s) shall comply with insider trading guidelines/regulations as issued by SEBI from time to time and prevention of Insider Trading Code as issued by the Company from time to time.

- **SPECIAL CONSIDERATION, GIFTS, GRATUITIES, FEES AND OTHER PAYMENTS**

No Director, or any Member of a Director's immediate family, or any Senior Managerial Personnel(s) or any member of Senior Managerial Personnel's immediate family, shall obtain special consideration or benefits in dealings with third parties as a result of such person's status as a Director or Senior Managerial Personnel. Accordingly, each Director/Senior Managerial Personnel must ensure that dealings with third parties are concluded on terms that would generally be available to persons without the status of Director or Director's family Member or Senior Managerial Personnel or Senior Managerial Personnel's family Member.

Directors/Senior Managerial Personnel should refrain from any act that has the appearance of being a bribe, kickback or other illegal or improper payment, whether direct or indirect, to any person or entity for the purposes of (i) obtaining, retaining, or directing business or (ii) affecting the conditions of doing business. Moreover, Directors/Senior Managerial Personnel must report any offer of a bribe, kickback or illegal and improper payment that they receive or learn of to the Compliance Officer.

No Director/Senior Managerial Personnel or member of a Director's or Senior Managerial Personnel's immediate family should accept any gift, gratuity, fee or other payment of any kind if it is known or suspected that its purpose is to influence a transaction or such item is excessive or might cause embarrassment if its acceptance became known. Similarly, No Director/Senior Managerial Personnel or member of a Director's or Senior Managerial Personnel's immediate family should offer any gift, gratuity, fee or other payment of any kind to customer, or related party for the purpose of, or appearing to have the purpose of, influencing any transaction between such entity and the Company. Any question regarding the acceptability of an invitation of gift should be referred to the Compliance Officer for the suitable action.

- **PROTECTION OF ASSETS**

Directors/Senior Managerial Personnel must protect the Company's assets and information and must not use these for personal use, unless approved by the Board / Managing Director.

- **COMPANY FUNDS**

Every Director/Senior Managerial Personnel personally responsible for all Company's funds over which he or she exercises control. The Company Agents and Contractors should not be allowed to exercise control over Company's funds. Company's funds must be used only for Company's business purposes. Directors/Senior Managerial Personnel must not use or allow use of Company's funds for any personal purpose directly or indirectly.

- **DECLARATION FOR COMPLIANCE WITH THE CODE**

The members of the Board and Senior Management shall affirm the compliance with the Code on an annual basis and shall sign a confirmation to that effect as per the format set out in Annexure I.

The annual report of the Company shall carry a declaration signed by the CEO / Managing Director of the Company stating that the members of Board and Senior Management have affirmed compliance with the Code.

**General**

The Code of Conduct may be revised, changed or amended at any time by the Board of Directors of Kirloskar Electric Company Limited.

The Board of Directors of Kirloskar Electric Company Limited has the exclusive responsibility for the final interpretation of the Code of Conduct.

The Company appoints the Company Secretary as the Compliance Officer for the purposes of the Code and if any person to whom these are applicable has any questions, he/she should direct all question to the Company Secretary.

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**Affirmation by Director / Senior Management with Code of Conduct**

As a Director / Senior Management Personnel, I hereby acknowledge that I have received and read the Code of Conduct of the Company. I understand that it is my responsibility to consult the Compliance Officer if I have any questions regarding the provisions of the Code of Conduct and I shall comply with the Code of Conduct in true spirit.

I understand and agree that as a Director / Senior Management it is my responsibility to promote the application of the Code of Conduct.

(Name)

(Signature)

Date: