



TECHNO ELECTRIC & ENGINEERING COMPANY LTD

CODE OF CONDUCT FOR DIRECTORS

AND

SENIOR MANAGEMENT

INTRODUCTION

The Board of Directors is vested with all powers of management of the affairs of the Company. The Board thus becomes the working organ of the Company. The Directors alone are exclusively empowered to manage the affairs of the Company. Here the Board has laid down a code of conduct for Directors and members of senior management for promoting sound corporate practices and ethical conduct on the part of all concerned.

The Senior Management constantly interacts with the Board of directors and is primarily responsible for executing the plans, policies and programmes laid down by the Board and for achieving the targeted objectives.

This Code of Conduct or the Code defines what the Company expects from its business and personnel regardless of the location or their background. We recognize society as an important stakeholder in this enterprise and therefore it is part of our responsibility to practice good corporate citizenship.

Independent Directors of the Company are subject to certain additional duties and standards of conduct under the Companies Act, 2013 which are set out in Annexure 1 to the Code.

PREAMBLE

This code of conduct (“Code”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel” of the Company.

Regulation 26 of Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 pertaining to Corporate Governance prescribes that the Board of Directors shall lay down a Code of Conduct for all Board Members and Senior Management of the Company. This Code of Conduct shall be called “The Code of Conduct for Board Members and Senior Management Personnel” of Techno Electric & Engineering Co. Ltd (hereinafter referred to as “the Company”). This Code shall also be treated as Code of Business Ethics for the purpose of Schedule IV of the Companies Act, 2013. This Code of Conduct shall be posted on the website of the Company.

Efforts should be made by the Directors and Senior management executives of the Company to follow these principles and do their best to apply them as and when the circumstances may arise. The objective of this Code is towards achieving the mission and objectives and enhancing ethical and transparent process in managing the affairs of the Company.

APPLICABILITY

This Code of Conduct applies to:

- 1) All Directors of the Company, whether executive or non-executive including nominee directors;

- 2) Members of Senior Management of the Company (which means personnel of the Company who are members of its core management team, excluding the Board of Directors, which normally comprises all members of management one level below the executive directors including the functional heads) who have the opportunity to materially influence the integrity, strategy and operations of the business and financial performance of the Company.

This code is in addition to the Rules & Regulations of Services and Conduct applicable to Managerial & Superintending Staff of the Company.

PURPOSE

The Code reflects the Company's underlying ethical values and commitment to lay standards of integrity, transparency, fairness, accountability and pursuit for excellence. The purpose of this Code is to demonstrate the ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the management by the stakeholders, Directors and Senior Management are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

REQUIREMENTS

The Company is committed to comply with all applicable laws, rules, regulations and guidelines in every jurisdiction where it operates. It is therefore desirable that Directors / Senior Management possess / acquire appropriate knowledge of the legal requirements relating to their roles and duties to enable them to be in compliance thereof and to recognize potential risks, as below -

- **Compliance of Law**

The Board members and the Senior Management personnel shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers and to know when to seek advice from the Finance and Secretarial and Legal department and shall comply with all laws, rules and regulations applicable to the business of the company.

- **Honest And Ethical Conduct**

The Board Members and Senior Management personnel shall act with utmost honesty and integrity following high moral and ethical standards. They shall adopt fair and transparent means while dealing on behalf of the Company.

All the Directors and Senior Management employees must conduct honesty that is free from fraud or deception. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

- **Conflict Of Interest**

The term "conflict of interest" pertains to situations in which personal financial or other consideration(s) may compromise, or have the appearance of compromising the professional judgment of Directors / Senior Management. A conflict of interest exists where the interests or benefits of Directors or Senior Management or of people or entities related to them conflicts with the interests or benefits of the Company.

In addition to mandatory disclosures all Non-Executive and Independent Directors shall disclose their association with any other company which, in their judgment, may lead to conflict of interest with the Company. All other Directors / Senior Management are required to obtain approval from the Company's Corporate Governance Committee before accepting any other directorship / assignment in any company other than Techno Electric & Engineering Co. Ltd., Subsidiaries, Associates etc.

If there are any transactions proposed with such related parties within the knowledge of Directors / Senior Management, they must report the same to the Compliance Officer. If determined to be material to the company, the transactions shall be placed before the Audit Committee for review. Any dealings with a related party must be conducted on an arm's length basis and on commercial terms and no preferential treatment shall be given.

Where one uses and/or exploits for personal gain, opportunities that rightly belong to the Company or are discovered through the use of one's position or through the Company's image, property or information.

If a proposed transaction or situation raises any question or doubts, the Compliance Officer should be consulted.

Directors / Senior Management are free to make personal investments and enjoy social relations and normal business courtesies. They should however ensure that such interests do not directly or indirectly influence the performance of their responsibilities.

- **Protection & Proper Use Of Company's Assets & Resources**

Directors / Senior Management shall as far as practicable, protect the Company's assets from loss, damage, misuse or theft and ensure that the assets are only used for business purposes and other purposes specifically approved by Management and must never be used for unauthorized purposes.

Directors / Senior Management shall not apply the Company's assets / resources and/or proprietary information for personal benefit and/or for the benefit of any other related party.

- **Corporate Opportunities**

Except as may be approved by the Board of Directors or a Committee thereof, Directors / Senior Management are prohibited from:

- a) taking for themselves personally, opportunities that belong to either the Company or are discovered through the use of Company's property, information or position;
- b) using the Company's property, information, or position for personal gain;
- c) competing with the Company

- **Prevention of Insider Trading**

The Board Members and the Senior Management team shall comply with the Code of Internal Procedures and conduct for prevention of Insider Trading in dealing with securities of the Company.

- **Secrecy**

Ensure that proprietary information and trade secrets belonging to the Company, (including any information concerning pricing, products and services that are being developed, internal system, designs and such other trade secrets) are held in strict confidence and care is exercised to avoid inadvertent and inappropriate disclosure, except when such disclosure is authorised or legally mandated and is not for personal gain. Such respect for confidentiality shall also continue after such person ceases to hold office as Director or serve the organisation. All Directors and Senior Management Executives shall not give any statement to the press or any other form of media without due authorisation from the appropriate authority/body.

- **Fraudulent And Unfair Practices in the Securities Market**

The Company's securities are listed on the major Stock Exchanges. The Company is committed to comply with securities laws in all jurisdictions in which its securities are listed. The Company prohibits its Directors / Senior Management from any fraudulent and unfair trade practices in the securities market, with regard to the securities of the Company or of any other company with whom the Company has business dealings to the best of their knowledge.

- **Health, Safety and Environment**

The Company believes in sustainable development and is committed to be a responsible corporate citizen. To uphold the Company's interest and preserve the quality of life of all concerned, the business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees. Directors / Senior Management shall ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

ANNEXURE 1

CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for Independent directors of Techno Electric & Engineering Ltd. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

Guidelines of professional conduct:

An Independent Director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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 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 independence;
- (8) where circumstances arise which make an independent director lose his 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

An 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

MANNER OF APPOINTMENT

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a 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.

Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

NON COMPLIANCE

Suspected violation of this Code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations shall be appropriately investigated.

NO RIGHTS CREATED

This Code does not and does not intend to create any right in favour of the Directors and the Senior Management personnel.

AMENDMENTS

From time to time, the Board may amend or waive certain provisions of the Code depending on the legal and other requirements or for a bona fide purpose.