

CODE OF BUSINESS CONDUCT AND ETHICS

FOR

BOARD MEMBERS AND SENIOR

MANAGEMENT PERSONNEL

CENTRAL ELECTRONICS LIMITED

**CENTRAL ELECTRONICS LIMITED
(A Government of India Enterprise)**

**CODE OF BUSINESS CONDUCT AND ETHICS
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

1.0 Introduction

1.1 This Code of Conduct (“this Code”) shall be called “The Code of Business Conduct & Ethics for Board Members and Senior Management Personnel” of Central Electronics Limited (CEL). (here - in- after referred to as “the Company”)

1.2 The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company. The code is in alignment with Company’s vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

1.3 It shall come into force with effect from the date of approval by the Board.

2.0 Definitions and Interpretations:

2.1 “Board Members” shall mean Directors on the Board of Directors of the Company.

2.2 The term “Whole-time Directors” or “Functional Directors” shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the Company.

2.3 The term “Part-time Directors” shall mean Directors on the Board of Directors of the Company who are not in whole-time employment of the Company.

2.4 The term “Relative” shall have the same meaning as defined in Section 6 of the Companies Act, 1956.

2.5 “Senior Management” shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the Whole Time Directors and all Functional Heads.

2.6 “The Company” shall mean Central Electronics Limited (CEL)

Note: In this Code words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.

3.0 Applicability

3.1 This code shall be applicable to the following personnel :

- a) All Whole-time Directors including the Chairman & Managing Director of the Company.
- b) All Part-time Directors including Independent Directors under the provisions of law.
- c) Senior Management

3.2 The Whole-time Directors and members of Senior Management Should continue to comply with other applicable/ to be applicable policies, rules and procedures of the Company.

4.0 Contents of Code

Part I General Moral Imperatives

Part II Specific Professional Responsibilities.

Part III Specific Additional Provisions for Board Members and Senior Management.

This Code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards. It is

understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

Part - I

5.0 General Moral Imperatives

5.1 Be honest and trustworthy & practice integrity

5.1.1 Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively.

5.1.2 All Board Members and Senior Management are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct while conducting business of the Public Enterprise.

5.2 Be fair and take action not to discriminate

5.2.1 The Company is committed to provide a workplace free of discrimination and harassment based on race, colour, religion, age gender, national origin, disability, veteran status or any other biases. It will be the endeavor of every director and officer of the Company to see that workplace is free from such bias.

5.3 Honour Confidentiality

5.3.1 All Board Members and Senior Management are expected to maintain the confidentiality of all information (whether belonging to the Company or party with whom the Company has a relationship) entrusted to them or that comes to them from whatever source, in his or her capacity as a Director or member of Senior Management team, except when disclosure is authorized by the Board or is warranted by law.

5.4 Pledge & Practice

5.4.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.

5.4.2 Work unstintingly for eradication of corruption in all spheres of life.

5.4.3 Remain vigilant and work towards growth and reputation of the Company.

5.4.4 Bring pride to the organization and provide value-based services to Company's stakeholders.

5.4.5 Do duty conscientiously and without fear or favour.

Part-II

6.0 Specific Professional Responsibilities

6.1 Live the Vision, Mission and Values of Central Electronics Limited(CEL)

Mission

To achieve excellence in technology and manufacture and be market leader in solar energy systems and strategic electronics.

Vision

To be a market leader in the field of Solar Photovoltaic Energy sources, particularly for rural applications, as also in Railway Safety and Signaling Electronics and Microwave Phase Control Modules.

Quality Policy

CEL is committed to maintain its position as a leading organization to provide efficient and effective Quality in the field of Solar energy, System Product and other product manufactured by the Company. Focus of its services shall be :

- Customer Satisfaction
- Timely and Prompt Response
- Increase Market Share. Professional Excellence
- Organizational Flexibility

Quality Objectives

- Improvement in the efficiency of services provided to customers
- Customer satisfaction
- Strengthen Human Resource Development
- Continuous improvement of systems, processes and resources.

6.1 Strive to achieve the highest quality, effectiveness and dignity in both the processes and products of professional work

Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

6.2 Acquire and maintain professional competence

Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

6.3 Compliance with Laws

The Board Members and Senior Management of CEL are expected to conduct all business and affairs of the Company in accordance with applicable laws, rules and regulations, and shall ensure such conduct by himself and by officers and employees of the Company.

6.4 Accept and provide appropriate professional review

Quality professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of others.

6.5 Manage personnel and resources to enhance the quality of working life

Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best.

The Board Members and Senior Management would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of CEL by providing them all necessary assistance and cooperation, thus enhancing the quality of working.

6.6 Be upright and avoid any inducements

The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding to an agency etc.

6.7 Observe Corporate Discipline

The flow of communications within the CEL is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as a guide to action, in others they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.

6.8. Conduct in a manner that reflects credit to the Company

All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behavior has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.

6.9 Be accountable to Company's stakeholders

All of those whom we serve, be it our Customers, without whom the Company will not be in business, the Stakeholders, who have an important stake in its business, the Employees, who have a vested interest in making it all happen, the Vendors, who support the Company to deliver in time and society to which Company is responsible for its actions – are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.

6.10 Prevention of Insider Trading

The Board Members and Senior Management shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company, if applicable.

6.11 Identify, mitigate and manage business risks

It is everybody's responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.

6.12 Protect properties of the Company

The Board Members and Senior Management shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

Part- III

7.0 Specific Additional Provisions for Board Members and Senior Management

7.1 As Board Members and Senior Management

They shall undertake to actively participate in the meetings of the Board and Committees on which they serve.

7.2 As Board Members

7.2.1 Undertake to inform the Chairman and Managing Director/ Company Secretary of the Company within seven days of any changes in their other Board positions, relationship with other business and other events / circumstances / conditions that may interfere with their ability to perform Board/ Board Committee duties or may impact the judgments of the Board and the guidelines of DPE.

Conflict of Interest :

A 'Conflict of interest' occurs where the interest or benefit of director or member of Senior Management is in conflict with the interest or benefits of the company. Directors and Senior Management should be scrupulous in avoiding conflicts of interest with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company must be disclosed promptly to the Board of Directors.

i. Outside Directorships :

It is a conflict of interest to serve as a Director of any Company that competes directly with the Company. Directors/ Officers must first obtain approval from the Company's Board of Directors before accepting such Directorship. Further each Director/officer shall inform the Board of any such changes within seven days in their Board positions, relationship with other businesses and charitable organizations.

ii. Employment/ outside employment :

The Directors and Senior Management Personnel are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company like simultaneous engagement/ employment or directorships with competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position.

iii. **Business interests :**

If any Director or Senior Management Personnel is considering investment in the business of any competitor of the Company, he or she must first take care to ensure that these investments do not compromise their responsibilities towards the Company. Before making investment in the business of the Competitor, the Director and Senior Management Personnel shall take permission from the Board of Directors of the Company. Directors and Senior Management Personnel should take prior approval from the Board of Directors for making any such investment except investment in a listed Company through stock exchanges not exceeding two percent of the capital of that Company.

iv. **Use of Official position for personal gains :**

Should not use their official position for personal gains.

v. **Related Party Disclosure :**

The Board members and Senior Management Personnel shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18(AS-18) (Appendix I) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or re-codification thereof.

7.3 **Compliance with the Code of Business Conduct and Ethics.**

7.3.1 All Members of the Board and Senior Management personnel of the Company shall uphold and promote the principles of this code. The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members and Senior Management to adhere to the principle expressed in this Code, each of them should also encourage and support adherence by others.

7.3.2 **Treat violations of this code as inconsistent association with the organization.**

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Member or Senior Management

personnel does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

7.4 Miscellaneous Points

7.4.1 Continual updation of Code

This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise as may deemed necessary by the Board and all such amendments/ modifications shall take effect prospectively from the date stated therein.

7.4.2 Where to seek clarifications

Any member of Board or Senior Management requiring any clarification regarding this Code of Business Conduct and Ethics may contact Chairman & Managing Director/General Manager (Finance)/Company Secretary/any other person specifically designated by the Board of Directors.

7.4.3 Placement of the Code on Website

This Code and any amendments thereto shall be hosted on the website of the Company.

7.4.4 Annual Compliance Reporting

a) All Board Members and Senior Management Personnel shall affirm compliance of this code within 30 days of close of every financial year. The Annual Report of the Company shall contain a declaration to this effect signed by the Chairman & Managing Director. A Performa of Annual Compliance Report is at Appendix - II. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Board Member or Senior Management Personnel leaves the Company at any time during a financial year, he/she shall send a communication within one week from the date of leaving, to the Company Secretary affirming compliance of the code till date of his association with CEL.

b) The Chairman & Managing Director of the Company and all whole time directors shall certify to the Board within 30 days of the Close of every financial year that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code..

7.4.5 Acknowledgement of Receipt of the Code :

All Board Members and Senior Management personnel shall acknowledge receipt of this Code or any modification(s) thereto within one week from the date of receipt in the acknowledgement form as at Appendix-III and forward the same to the Company Secretary that they have received, read, understood and agreed to comply with this code.

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The Board Members/ Senior Management Personnel shall disclose the following in respect of all transactions with related parties, as covered in AS-18 issued by ICAI.

- i) the name of the transacting relating party;
- ii) a description of the relationship between the parties;
- iii) a description of the nature of transaction;
- iv) volume of the transaction either as an amount or as an appropriate proportion;
- v) any other elements of the related party transactions necessary for an understanding of the financial statements.

Signature _____

Name _____

Designation _____

Date _____

Place _____

NOTE :

The following are illustrative and not exhaustive list of example related party transactions in respect of which disclosures should be made by Board Members.

- purchase or sales of goods (finished or unfinished);
- purchases or sales of fixed assets;
- rendering or receiving of services;
- agency arrangements;
- leasing or hire purchase arrangements;
- transfer of research and development ;
- license agreements;
- Finance (including loans and equity contributions in cash or in kind);
- guarantees and collateral; and management contracts including for deputation of employees.

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FOR
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ANNUAL COMPLIANCE REPORT**

I _____ do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the **“Code of Business Conduct and Ethics for Board Members and Senior Management Personnel”** during the financial year ending 31st March, 200_.

Signature _____

Name _____

Designation _____

Date _____

Place _____

Note : Annual Compliance Report by Board Members/ Senior Management personnel of the Company on Annual basis by 30th April of next financial year.

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ACKNOWLEDGEMENT FORM

I _____ have received and read the Company's **Code of Business Conduct and Ethics for Board Members and Senior Management Personnel (this Code)**. I have understood the provisions and policies contained in this Code and I agree to comply with this Code. Further, I undertake to provide affirmation on an annual basis to the Company within 30 days from the end of 31st March every year.

Signature _____

Name _____

Designation _____

Date _____

Place _____