

SBEC SYSTEMS (INDIA) LIMITED

CODE OF CONDUCT FOR THE MEMBERS OF THE BOARD AND SENIOR MANAGEMENT PERSONNELS

Applicability

This code of conduct is applicable to all the 'Directors on the Board' of SBEC SYSTEMS (INDIA) LIMITED and also to the 'senior functionaries' of the Company, i.e., the CEO, CFO, Company Secretary, all Business Heads and all Functional Heads of the Company hereinafter both referred to as 'Officers'.

General Principles

The underlying principles in defining the code of conduct of the members of the Board and the Senior Officers is to:

- help maintain the standards of Business conduct in line with the stated values of the company.
- help members in striving to perform their duties according to the highest ethical standards of honesty, integrity, accountability, confidentiality and independence.
- Not enter into, without the prior approval of the disinterested members of the Board, any such transaction or relationship with the Company in which they have a financial or personal interest (either directly or indirectly, such as through a family member or other person or organization with which they are associated), or any transaction or situation which otherwise involves a conflict of interest.
- Maintain the confidentiality of all material non-public information about the Company, its business and affairs and make no use of it other than for furtherance of Company's interest.
- Abide by all applicable Laws and Regulations including Company's Insider Trading Code.
- Ensure compliance with the legal requirements, specifically Clause 49 (1) (E) of the Listing Agreement.

The following procedures and guidelines are intended to deal with the most common practical implications of the above principles, but they cannot deal specifically with every potential situation that may arise. Where an officer is in doubt as to how a particular situation should be dealt with from an ethical standpoint, he may consult with the CEO or the Company Secretary, or may request independent professional

advice. Where a member wishes to take such advice, he should first consult with the Company Secretary.

A. Honesty and Integrity

While participating in the business of the Company, the officers should act honestly, in good faith and in the best interests of the Organization, his fellow-officers and the retail community and should exercise due care, diligence and skill of a reasonably prudent person under comparable circumstances.

B. Compliances/ Duty to Review Certain Reports

All persons who are subjects to this Code of Conduct are required to comply with every applicable laws for the time being in force and rules and regulations made there under. They are also expected to encourage and promote statutory compliance in its true letter and spirit.

The officers are required to review certain reports / compliance statements about the affairs of the Company at such intervals as may be prescribed from time to time. The officers may add or modify the reports as they may feel appropriate to ensure statutory compliance and smooth & transparent operations of the Company.

C. Conflicts of Interest

A "conflict of interest" exists when a subject's personal interest interferes in any way with the interests of the Company. A conflict situation can also arise when officer acts or has interest that may make it difficult to perform his or her Company work objectively and effectively or when his or her family members receives improper personal benefits as a result of his or her position in the Company.

While performing their duties, the Officers will carry out their responsibilities to the exclusion of any personal advantage, benefit or interest. The Officers acknowledge their obligations under the provisions of the Companies Act, 1956 and Companies Act, 2013, the Disclosure and Investor Protection Guidelines issued by the Securities and Exchange Board of India and shall strictly comply with such applicable Indian and foreign laws, regulations and shall not act by themselves nor aid or abet any person acting contrary to any such provisions, judgments, orders – judicial, quasi-judicial, administrative or otherwise issued by a competent authority.

The Officers shall avoid any situation involving a conflict, or the appearance of a conflict, between their personal interests and the performance of their official duties.

In case there is likely to be a conflict of interest by any Director then, he/she should make full disclosure of all facts and circumstances, thereof, to the Board of Directors and in case of conflict of interest by any other officer, he/she should make full disclosure of all facts and circumstances thereof to the Managing Director or any other designated authority appointed by the Managing Director.

D. Gifts and preferential treatment

Officers undertake not to give or receive corporate gifts, hospitality, preferential treatment or other benefits that might affect, or could reasonably appear to affect, the ability to make independent judgements on transactions involving the Company.

E. Fairness to Work/ External Environment

Officers recognize their responsibility to act fairly towards clients, employees and the general community and support the principles of Health and Safety, Environmental Best Practice and Equality legislation.

F. Insider Trading

Company has already framed a detailed Code of Conduct against Insider Trading. The same shall be applicable to all the officers. Officers are expected to be well conversant with this code and are required to strictly adhere to this code.

G. Corporate Opportunities

Officers are strictly prohibited from making use of corporate opportunity for their personal gains. A Corporate Opportunity is a profit making opportunity, which in justice and equity belongs to the company.

In case any corporate opportunity arises which partially belongs to the company the officers are required to advance the legitimate interest of the same to the company.

The duty not to take unfair advantage of corporate opportunity also extends to protection of and making proper use of company's property.

H. Confidentiality of Critical Information

Officers have fiduciary duty to maintain confidentiality of all the critical information, the disclosure of which might adversely affect the interest of the Company unless the disclosure is required under any law for the time being in force or pursuant to any direction or order of any statutory authority.

The Disclosure in other cases can be made only with the prior consent of the Board of Directors.

In case of any questions or doubts as to confidentiality or criticality of the information the subjects are expected to consult the Company Secretary.

I. Fair Dealing

Company seeks to gain competitive advantages through superior performance and not through unethical or illegal business practices. Each officer should endeavor to respect the rights of and deal fairly with other officers and other employees of the Company. No one shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

J. Discrimination and Harassment

Company believes in providing equal opportunity to all the employees in every aspect of employment. Any discrimination against any employee whether based on gender, region, community or religion or harassment or derogatory comments against any employees will be seriously viewed and will be subject to disciplinary action and might entail termination of employment.

Harassment shall also include violent or threatening behavior against any employee.

K. Miscellaneous

1. Amendment to the Code

Any amendment to this code can be made by or under the authority of Board of Directors and shall be intimated to all the subjects without delay.

2. Waiver of/Exemptions from Code

Only the Board of Directors or any committee thereof can grant any waiver from or exemptions from this code. However the Board cannot grant exemptions or waivers which are in violations of or not in consonance with true letter and spirit of any applicable law for the time being in force or rules and regulations made there under.

3. Reporting of Unethical Behavior

Any unethical behavior observed by the officer should be notified to the Board at the earliest. Every such notification or reporting should be made in good faith by the subject and should not be malafideor to square off any personal grudges against other officer or in any way intended to frustrate or defeat the objects of this code.

L. Compliance Procedure

Following is the illustrative procedure to be adhered by officers in ensuring compliance with this code:

1. Ascertain what is expected from you: In every situation officers are expected to know what is expected on them and should strictly act accordingly. As the officers are expected to meet novel situations every now and then, considering the level they are working, they are expected to take proper counsel from Head of Company Law Department, in case of doubts.
2. Role and Responsibility: Officers should be clear about their role and responsibility.
3. Discuss the problem with fellow officers: In certain situations where fellow officers are expected to be more knowledgeable about the question, and will appreciate being brought into the decision-making process, they should be consulted.
4. Seek help from Company Secretary: In cases where it may not be appropriate to discuss an issue with fellow officers, or where subject do not feel comfortable approaching fellow officers, he can discuss it with the Company Secretary.
5. Reporting of ethical violations in confidence and without fear of retaliation. If officer's situation requires that his/her identity should be kept secret, he can claim of his anonymity to be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. 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.

I. 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.

II. 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) scrutinize 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 control 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.

III. Duties:

The independent directors 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.

IV. 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 fulfils 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:

1. the term of appointment;
2. 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;
3. the fiduciary duties that come with such an appointment along with accompanying liabilities;
4. provision for Directors and Officers (D and O) insurance, if any;
5. the Code of Business Ethics that the company expects its directors and employees to follow;
6. the list of actions that a director should not do while functioning as such in the company; and
7. 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.

V. Re-appointment:

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

VI. 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 fulfils 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.

VII. 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:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) 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.

VIII. 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
 - (i) whether to extend or continue the term of appointment of the independent director 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;
 - (ii) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
 - (iii) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
 - (iv) 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.