

EASTERN INVESTMENTS LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND CODES FOR BOARD PROCEDURES OF A LISTED COMPANY

One of the universally accepted characteristics of a professional body or an organisation is the observance of strict code of conduct by the concerned persons of that body or organisation. Code of conduct is essentially a set of simple rules, outlining the accepted conduct for observance by the concerned persons of a professional body or organization and embodies penal consequences from the non observance on their part.

Need for a Code of Conduct under corporate governance

Clause 49II.E of the Listing Agreement pertaining to corporate governance stipulates that the Board of Directors shall lay down the code of conduct for all the Board members and Senior Management of the company. The code of conduct shall be posted on website of the company. All Board members and senior management personnel shall affirm compliance with the code on annual basis. The annual report of the company shall contain declaration to this effect signed by CEO. The Code of Conduct shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013. An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

For this purpose the term ‘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 executive directors, including all functional heads.

Definitions of various Terms

Various terms used in the Code of Conduct have been defined as at **Annexure 1** placed here below for the sake of clarity.

Responsibilities of the Board of Directors of a Listed Company

Because of the requirement of code of conduct under clause 49 the Board of directors of a listed company should establish the codes for directors and senior management and also codes for Board procedures as a part of good corporate governance. The code of conduct should lay emphasis on the ethical standards of the directors as well as the senior management in the dealings and relationship with the shareholders, government, other bodies and public in general. The code of conduct should help maintain a corporate culture for promotion of high standards of ethical conduct on the part of the corporation and its leaders. An effective code of conduct requires that every Board members and senior management personnel exhibit the highest standards professionalism, honesty, integrity along with impartiality fairness and equity.

Model Code of Conduct

There is no such set of conducts as may be termed as model or standard code of conducts. The code of conduct varies depending on the nature of industry as well as various internal and external factors prevailing upon the company as well as the industry as a whole.

Keeping all these aspects into consideration the code of conduct for the Board of directors and senior management personnel of Eastern Investments Limited (EIL) and also for Board procedures have been framed so that it promotes highest standards of ethical conduct on the part of these personnel and image of the company is upheld before the stake holders.

Monitoring of the compliance of the code

Compliance should be monitored, preferably by the Audit Committee of the Board and breach of the procedures should be reported to the Board. The Board should ensure that each director be given on appointment, sufficient information to enable him/her to perform his/her duties. In particular guidelines for non executive director should cover the procedures (a) for obtaining information concerning the company and (b) for requisition of the meeting of the Board.

Code of Conduct

A. Code of conduct for Directors and Senior Management Personnel

The Directors and senior management personnel of the company are expected to maintain the highest standards of ethical conduct. The Board of Directors is responsible for setting the codes and for their updating and revision whenever required to reflect legal and regulatory developments. It is expected that every Director and senior management personnel of the company are capable of reading and understanding the code and its applications in performance of their duties.

1) Disclosure of Interest

The Directors shall disclose before the Board their interest, if any, in any transaction with the company whether directly or indirectly. Senior management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest or where they may have a potential conflict with the interest of the company at large (such as dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc).

2) Divulging Information jeopardizing interest of the company

They shall not divulge any information to any outsiders which may be against the interest of the company.

3) Divulging Information amounting to Insider Trading

They shall not divulge any such information as may be deemed as Price Sensitive Information leading to Insider Trading.

4) Abiding by all laws etc

They should abide by all laws, rules and regulations applicable to the company.

5) Protection of company's assets

They shall ensure protection and efficient use of the company's assets. Company's resources should be used only to conduct company's business.

6) Discharging duties to best judgement

They shall discharge the duties in accordance with the best judgement and in the best interest of the company and its stake holders. They are expected to act diligently, openly, honestly and in good faith.

7) Maintaining confidentiality

They must maintain confidentially of all the material and non public information entrusted to them by the company except when the company authorises disclosure as required by laws, regulations or legal proceedings.

8) Other Directorships

A director shall not be a member in more than ten committees or act as a Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

9) Exercising powers within ambits

They shall exercise their power within the framework of the Companies Act, SEBI Regulations, other relevant Acts, Company's Memorandum and Articles of Associations and other relevant documents in this regard.

10) Reporting to Chairman for illegal/unethical conduct of any employee

They should report to the Chairman of the Board about any illegal or unethical behavior of any employee, officer or director.

11) Public Disclosure

They shall provide information so that the company's public disclosure requirements be full fair, accurate, timely and understandable.

12) Compliance with code and violation

All the persons to whom such code is applicable shall agree to comply with the same and support a mechanism for the prompt and fair adjudication of alleged violations of the code.

13) Compliance Officer

The Company Secretary shall act as a Compliance Officer to administer the code.

14) Amendment and Modification

The code may be amended by the Board subject to the provisions of applicable laws, rules and regulations.

B. Duties of Independent Director

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.

C. Liabilities of Independent Director

An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

D. Codes for Board business

- 1) **Observance of two Fundamental Concepts:** In the conduct of Board business two fundamental concepts should be observed:
 - (i) each director should receive the same information at the same time ,and
 - (ii) each director should be given sufficient time to enable him/her to perform his/ her duties.

2) Identification of Matters requiring prior Approval

The Board shall identify the matters which require prior approval of the Board and lay down procedures to be followed when, exceptionally, decision is required before its next meeting or any other matter not

required by law to be considered at the Board level. If it is practicable the approval of all the directors should be obtained by means of circular resolution.

3) Procedures balancing the need for urgency

In all cases the procedures should balance the need for urgency with the overriding principle that each director should be given as much information as possible and have an opportunity to requisition an emergency meeting of the Board to discuss the matter prior to the commitment of the company.

4) Material Contracts

All material contracts, especially those not in the ordinary course of business or not in Arm's Length Price shall be referred to the Board for decision prior to the commitment of the company. Financial limits should be set where appropriate.

5) Uncertainty regarding the materiality of contract

Where there is any uncertainty regarding the materiality or nature of contract the same should be brought before the Board.

6) Content of the agenda

The Chairman in consultation with the Company Secretary shall take decision regarding the content of the agenda for individual meeting of the Board and concerning the presentation of agenda item.

7) Proper administration of the meeting

Company Secretary as Compliance Officer shall be responsible to the Chairman for proper administration of the meetings of the company, the Board and any committee thereof.

8) Preparation of Minutes

The Company Secretary shall be present at the meeting and prepare or arrange Minutes of procedures of all such meetings of the company, the Board and the Committee.

9) Recording of decisions taken at the Meeting

Minutes of the meeting should record decisions taken and provide sufficient background to those decisions.

10) Identification of papers presented at the Meeting

All papers presented at the meetings should be clearly identified in the Minutes and retained for reference.

11) Procedure for approval etc.

Procedure for the approval and circulation of Minutes should be established.

12) Delegation of Power : Where Articles of Association allow the Board to delegate its power to any committee, the Board shall give its prior approval to:

- i) the membership and quorum of any such committee;
- ii) its terms of reference; and
- iii) extent of any power delegated to it.

13) Circulation of the Minutes of the Committee of the Board

The minutes of all meetings of the committees of the Board (or written summary thereof) shall be circulated to the Board prior to its next meeting. Any member of the Board shall be within his/her right to raise queries or seek clarifications on the same at the next meeting at which the Minutes of the committee meetings are laid for confirmation.

14) Raising or Placing items outside agenda

Notwithstanding the absence of formal agenda item the Chairman shall permit any director or company secretary to raise at any Board meeting any matter concerning company's compliance with the code of conduct, with the company's Memorandum and Articles of Association and with any other legal and regulatory requirement.

- 15) Routine and minor business should normally be placed at the initial of the meeting and important items be placed thereafter to enable the directors to deliberate at length on items. The meeting may end up with smaller other business.

- 16) The Board ensures that a system is in place for controlling risks. The Board shall develop risk management system for translating and integrating the risk perceptions and risk information in terms of their economic implications and financial impact. The Board shall review the system every quarter.

- 17) The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

ANNEXURE - 1

Code of Conduct pursuant to Clause 49 of the Listing Agreement

Definitions of Various Terms

With reference to the Code of Conduct for Directors and Senior Management pertaining to II (E) of clause 49 of the listing agreement the following terms are defined as below:

Chief Executive Officer (CEO) means an officer of a company, who has been designated as such by it.

Chief Financial Officer (CFO) means a person appointed as the Chief Financial Officer of a company.

In respect of EIL the following executives shall be termed as **Senior Management Personnel**:

- a) Head of the Finance Department
- b) Head of the Personal Department
- C) Company Secretary

'Chairman' shall mean the Chairman of the Board of Directors of the company.

'Audit Committee' shall mean the committee constituted under sub-clause III of clause 49 of the listing agreement.

'Independent Director' shall mean a Director defined under sub clause II (B) of clause 49 of the listing agreement.