

BGR ENERGY SYSTEMS LIMITED

CODE OF CONDUCT

Preamble and Applicability

- a. This code of conduct is an integral part of BGR Energy Systems Limited (the Company)'s corporate governance philosophy and frame work.
- b. The objective of this Code of Conduct is to achieve highest level of transparency, integrity and equity with all the stakeholders.
- c. This code of conduct is applicable to all the Members of the Board, Presidents, Executive Directors, Key managerial personnel and Functional Heads (collectively called as Top Management and severally as Members of BGR Energy management) and shall be deemed to have come into force with effect from October 01, 2014 and is in supersession of the extant code of conduct of the Company.
- d. This code provides basic guideline and is not exhaustive. The members of top management are expected to act diligently. Whenever a doubt or question arises they may seek clarification from the Company Secretary.

1. Honesty and Integrity

- 1.1 The top management shall act in accordance with highest standards of professional and personal integrity and honesty.
- 1.2 Top management will practice fair play, equity, mutual trust and will act in good faith in all affairs of the Company.

2. Confidentiality

- 2.1 The top management shall maintain absolute confidentiality of all the company related proprietary data and information to which they have access in their official capacity. However, disclosures, if any required by law or regulation may be made to appropriate agencies/authorities.
- 2.2 Confidential data or information shall not be under any circumstances used for personal gain or the gain of a relative, friend or any other related party.
- 2.3 Members of the top management shall execute a non-disclosure agreement and abide by the agreement during the official association with the company and for a period of 12 months thereafter.

3. Conflict of Interest

- 3.1 Members of the top management shall avoid any association or engagement which has even an apparent conflict of interest with the interest of the company.
- 3.2 Interest of stakeholders will supercede any other interest barring statutory requirements, environmental and safety matters.

- 3.3 Members of top management shall not hold any position including Director, Advisor with any company or organization including a competitor company/firm except with prior written approval of CEO and in case of CEO with prior approval of Chairman.

4. **Compliance with statute**

- 4.1 Members of the top management shall comply with all applicable statutory enactments, rules, regulations and guidelines.

- 4.2 The members of top management are expected to have adequate knowledge on such matters in so far as they are required for the discharge of the entrusted functions and responsibilities.

5. **Transparency**

- 5.1 Members of the top management shall maintain highest standards of transparency in all their functions, interactions and dealings among themselves and with all stakeholders (shareholders, lenders, customers, vendors, employees, government agencies and the general public).

- 5.2 Members of the top management shall make appropriate, adequate and timely disclosures to the Company Secretary to disseminate information and data on matters of interest to the respective stakeholders.

- 5.3 Top management implemented a Whistle blower policy with an objective to provide a channel to report any misconduct and concerns and to take action thereon.

6. **Interest of stakeholders**

- 6.1 Members of the top management will promote the interest of all stakeholders (shareholders, lenders, customers, vendors, employees, government agencies and the general public).

- 6.2 Members of the top management will endeavour to adopt fair business principles and practices.

7. **Risk Management**

The top management will set up a properly defined risk management frame work to identify, mitigate and control potential risks of business and affairs of the Company.

8. **Other matters**

- 8.1 Members of top management shall not accept gifts in any form except gifts in kind for a value of not exceeding Rs.5,000/-.

- 8.2 Members of top management shall not share any information or data to the print or visual media without prior approval of compliance officer and CEO.

- 8.3 The members of the top management shall endeavour to provide equal opportunity to all its employees, present and prospective without discrimination of caste, religion, age, sex or colour.
- 8.4 Members of top management shall not support directly or indirectly any political party, candidate or campaign.

9. CODE FOR INDEPENDENT DIRECTORS

(Schedule IV read with Section 149(8) of the Companies Act, 2013)

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 exclusively 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 consideration 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 of 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. 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.

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 commitment 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 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 Board's 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 as provided in sections 168 and 169 of the Companies Act, 2013.
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.

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 whether to extend or continue the term of appointment of the independent director.

IX. **Conflict of Interest:**

Independent Directors shall avoid any association or engagement which has even an apparent conflict of interest with the operations of the company.

X. **Compliance:**

All Independent Board members shall affirm in writing compliance with this code on an annual basis.

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