

ECE INDUSTRIES LTD.

CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Board of Directors (the “Board”) of the Company, apart from following in actual practice, has adopted the following written Code of Conduct and Ethics (the “Code”) for directors and senior Management personnel of the Company.

Senior Management personnel shall mean all senior members of the Management team such as President/ CEO, Manager, Vice Presidents, Chief Executives, other functional heads and the Secretary of the Company. This Code is intended to focus on all the Board members and senior Management personnel on areas of ethics, integrity and honesty, providing guidance to help them recognize and deal with ethical issues, mechanisms to report unethical/dishonest conducts; and help foster a culture of honesty, integrity and accountability. The Code of Conduct as approved by the Board and subsequent amendments, if any, thereto by the Board shall be posted on the Website of the Company.

INTERPRETATION OF CODE

In this code wherever the word “Director” appears, it will also includes senior management personnel to the extent applicable. Any question or interpretation under this Code of Business Conduct and Ethics will be considered and dealt with by the Board of any committee or any person authorized by the Board in this behalf. The Board in justifiable cases for reasons to be recorded in writing may waive any condition of the code for compliance such, that it is not prejudicial to the interest of the company.

The reasons for such waiver will be available at the Registered Office of the company for information.

Each and every director and senior management personnel is expected to comply with the letter and spirit of this Code.

I. CONFLICT OF INTEREST

Directors must promptly disclose to the company potential conflicts of interest regarding any matters concerning the company. A “conflict of interest” can occur when:

- a) A director’s personal interest is adverse to or may appear to be adverse to the interests of the Company as a whole.
- b) A director, or his/her relative, receives improper personal benefits as a result of his/her position as a director of the Company.

Explanation : The expression Relatives in this Code means dependant-parents, brothers, sisters, spouse, children, daughters-in-law and sons-in-law, to more or less fall in line with the definition of this term in Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India.

As illustrations only and being not exhaustive, some of the usual instances of conflicts of interest which directors should avoid, are listed below:

a. Relationship of Company with third parties

Directors shall not receive a personal benefit from a person or an entity, which is seeking to do business or to retain business with the Company. They shall not participate in any decision making process involving another entity in which they have direct or indirect interest.

b. Compensation from non-Company sources

Directors shall not accept compensation (in any form) for services performed for the Company from any source other than the Company.

c. Gifts

Directors shall not offer, give or receive gifts from persons or entities dealing with the company, where any such gift is perceived as intended directly or indirectly, to influence any business decision. Gifts given to suppliers or customers or received from suppliers or customers should be appropriate to the circumstances and should not be of a kind that can create an appearance of impropriety. It is particularly clarified that gifts given or received on festive occasions consistent with the accepted business practices and which can not be reasonably construed as payment or consideration for influencing or rewarding a particular decision or action, should not violate this Code.

II. CORPORATE OPPORTUNITIES

Directors are prohibited from :

- a. Exploiting for their personal gain opportunities that are discovered through the use of Company property, Company information or position as a director, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board declines to pursue such opportunity.
- b. Using the Company's property or information for personal gain.

III. CONFIDENTIALITY

Directors must maintain the confidentiality of information relating to the company which comes to their knowledge in the course of discharge of their functions and any other confidential information about the Company that comes to them, from whatever source, except when such disclosure is authorized or legally mandated.

For purposes of this Code, "confidential information" includes all unpublished information relating to the Company.

IV. COMPLIANCE WITH LAWS, RULES AND REGULATIONS : FAIR DEALING

Directors must comply, and oversee compliance by employees, officers and other staff, with laws, rules and regulations applicable to the Company/its personnel, including insider trading regulations.

Directors must deal fairly, and must ensure fair dealing by employees and officers, with the Company's customers, suppliers, competitors and employees.

No payment or transaction should be made, undertaken, by a Director or authorized or instructed to be made or undertaken by any other person or the company if the consequence of that transaction or payment would be the violation of any law in force.

Directors will always act to the best of their knowledge, belief and effort in the best interest of the Company and all its stakeholders, including employees, shareholders and others.

V. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOUR

Directors should promote ethical behaviour and take steps to ensure that the Company :

- a. Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.
- b. Encourages employees to report violations of laws, rules, regulations or the Company's Code of Conduct to the appropriate personnel;
- c. Informs employees that the Company will not allow retaliation for reports made in good faith.

VI. DUTIES OF INDEPENDENT DIRECTOR

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 the 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 behavior, 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 to 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.

VII. COMPLIANCE STANDARDS

- a) All suspected violations of this Code shall be promptly reported to the Board and such violations are subject to investigation by the Board or any Committee / or any person(s) so designated by the Board. Violations will be investigated by the board or any such designated persons/ committee and appropriate action will be taken in the event of any such violations.
- b) Directors should inform the company immediately about the emergence of any situation which may disqualify him from Directorship.
- c) It shall be the endeavour of every Director to attend as far as possible and actively participate in meetings of the Board and Committee thereof on which they are members.

Dated: 19th January, 2015

CODE OF CONDUCT OF INDEPENDENT DIRECTORS

1. Professional Conduct

As an Independent Director of the Company, you shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising your duties;
- iii. exercise your responsibilities in a bona fide manner in the interest of the Company;
- iv. devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- v. not allow any extraneous considerations that may vitiate your 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;
- vi. not abuse your 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;
- vii. refrain from any action that could lead to a loss of your independence;
- viii. ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly;
- ix. assist the Company in implementing the best corporate governance practices.

2. Duties as a Director of the Company

The Companies Act, 2013 and the Listing Regulations have prescribed certain duties for directors, which are fiduciary in nature. Accordingly, as a Director of the Company, you shall:

- i. act in accordance with the Company's Articles of Association;
- ii. act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment;
- iii. discharge duties with due and reasonable care, skill and diligence and shall exercise independent judgment;

iv. not be involved in situations of conflicts or possible conflicts with the interest of the Company. Please refer to clause 11 for full explanation on 'conflict of interest and disclosure';

v. not achieve or attempt to achieve any undue gain or advantage either to self or to your relatives, partners or associates;

vi. not assign your office as Director and any assignment so made shall be void.

3. Responsibility, Role and function and Duties as an Independent Director

3.1 Responsibilities as an Independent Director:

As an Independent Director of the Company you will have the same responsibilities as that of any other directors of the Company. The Board of the Company as a whole is collectively responsible to provide direction and supervision to the Company.

3.2 Role and Functions as an Independent Director:

As an independent director, you shall:

i. 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;

ii. bring an objective view in the evaluation of the performance of board and management;

iii. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

iv. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

v. safeguard the interests of all stakeholders, particularly the minority shareholders;

vi. balance the conflicting interest of the stakeholders;

vii. 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;

viii. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

3.3 Duties as an Independent Director:

As an independent director, you shall:

- i. undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the company;
- ii. 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;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which you are a chairperson or member;
- iv. participate constructively and actively in the committees of the Board in which you are chairpersons or members;
- v. strive to attend the general meetings of the company;
- vi. where you 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 your concerns are recorded in the minutes of the Board meeting;
- vii. keep yourself well informed about the company and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the company;
- x. 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;
- xi. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- xii. acting within your authority, assist in protecting the legitimate interests of the company, shareholders and the employees;
- xiii. 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.

4. Time commitment

You will devote such time to the affairs of the Company as is required for discharging your duties as member of the Board and a member/Chairman of the Committee.

We request you to consult with the Chairman if you propose to accept additional assignments that may impact your time availability for fulfilling your aforesaid role for the Company.

5. Performance Evaluation

Your appointment and re-appointment on the Board shall be subject to the outcome of the annual performance evaluation process. The Board has adopted an evaluation process of the Board, Committees of the Board, individual Directors, Chairman and MD. The Board (or a Committee duly authorized by the Board) shall carry out an evaluation of the performance as per the approved evaluation on an annual basis.

6. Conflict of Interest and disclosure

It is accepted and acknowledged that you may have business interests other than those in the Company. As a condition to your appointment, you are required to declare all such directorships, appointments and interests to the Board in writing in the prescribed form annually and as and when there is any change.

In the event, that your circumstances seem likely to change and might give rise to a conflict or interest or a change which impacts your independence as an Independent Director of the Company, you shall intimate to the Chairman forthwith

7. Independent professional Advice

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy