



## **CODE OF CONDUCT**

(Revision No.1 Dt. 01.02.2016)

**National Engineering Industries Limited.**

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The Board of Directors (the “Board”) of National Engineering Industries Limited (the Company) has adopted following Code of Business Conduct and Ethics (the “Code”) for Directors, and employees of the Company. This Code is intended to focus on the Board members, and employees on areas of ethical risk, integrity and honesty, providing guidance to help them organize and deal with ethical issues, mechanisms to report unethical / dishonest conducts and help foster a culture of honesty, integrity and accountability. The Code is essential so that the Company conducts its business in accordance with its stated values and all other policies / rules as stated from time to time. The Code as approved by the Board and subsequent amendments thereto by the Board shall be posted on the website of the Company.

### **INTERPRETATION OF CODE**

In this Code wherever the word “Director” is appearing, it also means and includes President and other senior management personnel to the extent applicable. Any question or interpretation under this Code will be considered and dealt with by the Board or any committee or any person authorized (designated person) by the Board in this behalf. The Board or any designated person / committee so authorized has the authority to waive compliance of this Code for any Director or employee of the Company. The person seeking waiver of this Code shall make full disclosure of the particular circumstances of the case to the Board or the designated person / committee.

Any waiver of this Code as may be made by the Board and / or designated person / committee shall be promptly posted on the website of the Company.

Each and every Director and employee of the Company is expected to comply with the letter and spirit of this Code as applicable

This Code is not applicable to the workmen within the meaning of the provisions of the Industrial Employment (Standing Orders) Act, 1946 to whom Company’s Certified Standing Orders are applicable.

Nothing in this Code, in any Company policies and procedures, or in other related communications (verbal or written) creates or implies an employment contract or term of employment.

## I CONFLICT OF INTEREST

Directors and employees must avoid any conflicts of interest between them and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Board. A “conflict of interest” can occur when;

- i) The personal interest of a Director or employee is adverse to or may appear to be adverse to the interests of the Company as a whole.
- ii) A Director or employee or his / her relative receives improper personal benefits as a result of his / her position as a Director or employee of the Company.

*Explanation* : Relatives here means dependent parents, brothers, sisters, spouse, children, daughters-in-law and sons-in-law.

As illustrations only and being not exhaustive, some of the more common instances of conflicts of interest which Directors and employees should avoid, are listed below :

- a) Relationship of Company with third parties.

Directors and employees 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 of the Board involving another entity in which they have direct or indirect interest.

- b) Compensation from non-Company sources.

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

- c) Gifts

Directors and employees shall not offer, give or receive gifts from persons or entities that deal with the Company, where any such gift, is

perceived as intended directly or indirectly to influence the Directors' actions as members of the Board, or where acceptance of such gifts by the Directors and employees could create the appearance of a conflict of interest.

## **II CORPORATE OPPORTUNITIES**

Directors and employees are prohibited from :

- a) Taking for themselves or their entities opportunities that are discovered through the use of Company's property, Company's information or position as a Director or employee ;
- b) Using the Company's property or information for personal gain; or
- c) Competing with the Company for business opportunities. However, if the Company's disinterested Directors determine that the Company will not pursue an opportunity that relates to the Company's business, a Director or employee may then do so.

## **III CONFIDENTIALITY**

Directors and employees must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a Director or employee of the Company except when such disclosure is authorized or legally mandated.

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

## **IV POLITICAL NON-ALIGNMENT**

The Board shall be committed to and support a functioning democratic constitution with a transparent and fair electoral system in India. The Directors shall not offer or give any funds or property in contravention of any law by way of donations to any specific political party or candidate or in their campaign.

## **V COMPLIANCE WITH LAWS, RULES AND REGULATIONS, FAIR DEALING**

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

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

## **VI FINANCIAL REPORTING AND RECORDS**

The Directors must ensure that :

Accounts of the Company's business affairs are prepared and maintained in accordance with the accounting and financial reporting standards, which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall truly and fairly reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company's Auditors and other parties as authorized by the Board and Government agencies. There shall be no willful omissions of any Company's transactions from the books and records, no premature income recognition, deferment of any chargeable expenses and no undisclosed bank account and funds.

Willful material misrepresentation of and / or misinformation on the financial accounts shall be regarded as a violation of this Code, apart from inviting appropriate civil or criminal action under the relevant laws.

## **VII INTEGRITY OF DATA FURNISHED**

The integrity of data or information furnished to the Board is required to be ensured by any one (including a Director or senior management personnel) who submits such data or information.

## VIII **ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOUR**

- i) 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 appropriate personnel.
  - c) Informs employees that the Company will not allow retaliation for reports made in good faith.
- ii) Directors should exercise independent judgment on issues of strategy, performance, policy matters etc.

## IX **COMPLIANCE STANDARDS**

- i) Directors should communicate any suspected violations of this Code promptly to the Board and such violations are subject to investigation by the Board or any Committee / or any designated person. Violations will be investigated by the Board or any such designated persons / committee and appropriate action will be taken in the event of any violations.
- ii) A Director should inform the Company immediately about the emergency of any situation which may disqualify him from Directorship.
- iii) It shall be endeavor of every Director to attend and actively participate in meetings of the Board and Committee thereof on which they are members.