

(Effective 14.11.2014)

**CODE OF BUSINESS CONDUCT AND ETHICS FOR THE BOARD OF DIRECTORS AND  
MEMBERS OF SENIOR MANAGEMENT**

**INTRODUCTION**

This Code of Business Conduct and Ethics ("the Code") is in line with the Company's philosophy based on openness, credibility and accountability, which is an essence for the Company's long term success.

This Code has been adopted by the Board of Directors and summarises the standards that must guide actions. This Code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability.

Our commitment to the highest level of ethical conduct should be reflected in all of the Company's business activities including, but not limited to, relationships with officers, customers, suppliers, creditors, competitors, the government, the public, the shareholder(s) and any other stakeholders. We should recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

It is understood that some words and phrases in this Code are subject to varying interpretations and that any ethical principle may conflict with other ethical principles in specific situations. Questions related to ethical conflicts can best be answered by thoughtful consideration of fundamental principles. In case of conflict and questions arising/relating to interpretations, the decision of the Board shall be final.

**A. APPLICABILITY**

This Code is applicable to the following persons, referred to as Officers:

- Members of the Board
- Members of Senior Management.

Senior Management shall mean members of core management team excluding Board of Directors comprising all members of management one level below the Whole Time Directors, including the functional heads.

The Compliance Officer shall maintain a list of Senior Management personnel to whom this Code will be applicable and shall keep the Board of Directors informed about any changes therein.

The Company Secretary will be the Compliance Officer for the purposes of this Code.

This Code will come into force with effect from November 14, 2014.

All Officers must conduct themselves according to the language and spirit of this Code. Every officer must not only comply with applicable laws, rules and regulations but should also promote honest and ethical conduct of the business.

**B. DUTIES AND OBLIGATIONS UNDER THE CODE:**

**1) HONEST AND ETHICAL CONDUCT**

An Officer shall, at all time:

- a) act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct while working on the Company's premises, on Company's vessels, at offsite locations where the Company's business is being conducted, at Company sponsored business and social events, or any other place where Officer is representing the Company;
- b) act and conduct free from fraud and deception;
- c) conform to the best-accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- d) maintain independence and impartiality in discharging responsibilities in the Company;
- e) do nothing, which is unbecoming of his conduct as an Officer;
- f) not commit any act which is illegal or considered unethical or induce his colleagues and/or subordinates to do so.

**2) CORPORATE OPPORTUNITIES**

Officers owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Officers are expressly prohibited from:

- a) taking for themselves personally, opportunities that emanate through the use of Company's property, information, or position;
- b) competing directly with the business of the Company or with any business that the Company is considering.

**3) CONFLICTS OF INTEREST**

- a) All Officers should avoid situations that present a potential or actual conflict between their interest and the interest of the Company and not enter into situations, which affects ability to exercise sound judgement and is likely to lead to conflict of interest.
- b) Personal involvement with a competitor, supplier, or subordinate officer of the company, which impairs an officer's ability to exercise good

judgement on behalf of the Company, creates an actual or potential conflict of interest.

- c) Conflict of Interest when occurs:
- i. A "conflict of interest" occurs when an Officer's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates.
  - ii. A conflict of interest can arise when an Officer takes an action or has an interest that may make it difficult for him to perform his or her work objectively and effectively.
  - iii. Conflicts of interest may also arise when an Officer receives improper personal benefits as a result of the Officer's position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations, which may constitute a conflict of interest:

- a. Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company.
- b. The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings.
- c. Any significant ownership interest in any supplier, customer, development partner or competitor of the Company.
- d. Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.
- e. Competing with the Company for the purchase or sale of property, products, services or other interests.
- f. Related Party Transactions: An Officer or any of his relatives/associates should not derive any undue personal benefit or advantage by virtue of his/her position or relationship with the Company. As a general rule, Officer should avoid conducting Company business with a relative, or with an organisation in which a relative is associated in any significant role. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by law and as per the policy of the Company.

The Officers should be scrupulous in avoiding 'conflicts of interest' with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Compliance Officer who will report the

same to the Whole Time Directors and if it involves Whole Time Directors then to the Board of Directors/Audit Committee.

#### **4) PUBLIC DISCLOSURES**

- a) The Company has the responsibility to communicate effectively with shareholder(s) so that they are provided with full and accurate information, in all material respects, about the Company's financial condition and results of the operations.
- b) Reports and documents required to be filed with the Registrar of Companies, Reserve Bank of India or other regulatory agencies and other public communications shall include full, fair, accurate, timely and understandable disclosure.

#### **5) FAIR DEALING**

- a) Officers should endeavour to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices.
- b) They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing practices.
- c) No payment in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favourable action.
- d) Occasional business gifts to and entertainment of non-officers in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of the Company's business. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

#### **6) TRADING ON INSIDE INFORMATION**

- a) The Company has extended the 'Insider Trading Code' for dealing in securities of 'The Great Eastern Shipping Company Ltd' ('GE Shipping') to the directors and certain employees of the Company and its subsidiaries; who are likely to have price sensitive information.
- b) In the normal course of business, Officers may come into possession of significant, price sensitive information. This information is the property of the Company/GE Shipping. Using non-public information to trade in securities, or providing a family member, friend or any other person with a 'tip' is illegal. All non-public information should be considered inside information and should never be used for personal gain.
- c) Officers should comply with the said Insider Trading Code relating to securities of GE Shipping, follow the pre-clearance procedures for trading and trade only when the trading window is not closed. Insider trading rules

are strictly enforced, even in instances when the financial transactions seem small. Officers are expected to read the said Insider Trading Code carefully, paying particular attention to the specific policies and the potential criminal and civil liability and/or disciplinary action for insider trading violations.

## **7) PROTECTION OF CONFIDENTIAL PROPRIETARY INFORMATION**

Confidential proprietary information generated and gathered in our business is a valuable asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorised by the Company or required by law. This obligation also extends to confidential information of third parties, which the Company has rightfully received under Non-Disclosure Agreements.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company or its customers if disclosed. Unauthorised use or distribution of proprietary information violates the Company's policy and could be illegal. Such use or distribution could expose the Company to legal problems. Hence, Officers dealing with such matters have to be extremely vigilant and careful.

## **8) ACCURACY OF BUSINESS RECORDS**

Honest and accurate recording of information is extremely important. Company is required to provide accurate information about its subsidiaries and to make responsible business decisions based on reliable records. Appropriate members of management must properly authorize all payments and transactions. All financial books, records and accounts must be correctly maintained to accurately reflect transactions and events, and conform both to generally accepted accounting principles and to the Company's system of internal controls. Undisclosed or unrecorded funds or assets are not allowed. No entry may be made that intentionally hides or disguises the true nature of any transaction.

Almost all business records may become subject to public disclosure in the course of litigation or governmental investigations. Records are also often obtained by outside parties or the media. Officers should therefore attempt to be as clear, concise, truthful and accurate as possible while disseminating any information. Avoid exaggeration, colorful language, guesswork, legal conclusions, and derogatory characterizations of people and their motives.

## **9) PAYMENT PRACTICES**

### **a) Accounting Practices:**

All transactions should be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly

prohibited and violate Company policy and the law. Any willful material misrepresentation of and/or misinformation of the financial accounts and reports shall be regarded as a violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws.

**b) Political Contributions**

The Company reserves the right to communicate its position on important issues to elected representatives and other government officials. It is the Company's policy to comply fully with all central, local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior approval of the Board of Directors.

**c) Prohibition of Inducements**

Under no circumstances may any officer make payment, promises to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to improperly induce any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud.

**10) COMPLIANCE WITH LAWS, RULES, AND REGULATIONS**

- a) Officers shall comply with all applicable laws, rules, and regulations.
- b) Officer who is unfamiliar or uncertain about the legal rules involving Company business conducted by him/her should consult the Compliance Officer before taking any action that may jeopardize the interest of the Company or that individual.

**11) DUTIES OF DIRECTORS**

All the Directors shall comply with provisions of Section 166 of the Companies Act, 2013 which lays down duties of Directors.

Further, Code for Independent Director as specified under Clause III of Schedule IV of the Companies Act, 2013 also lays down certain duties of Independent Directors. The Independent Directors shall comply with the same.

The aforesaid provisions of Companies Act, 2013 are enclosed as Annexure I to this Code.

**C. COMPLIANCE WITH THE CODE**

All Officers are expected to comply with all the provisions of this Code. It is important for every officer to adhere to the principles expressed in this Code. The provisions of this Code are applicable over and above the provisions

under any other policy of the Company. In case of any contradictory provisions, the provisions of this Code shall prevail.

Every Officer other than the Managing Director shall make annual declaration affirming compliance with the Code to the Managing Director through the Compliance Officer. The Managing Director shall in turn make a declaration affirming compliance with the Code by the Officers including himself in the Company's Annual Report.

The Compliance Officer shall be responsible for the proper implementation of the Code.

#### **D. VIOLATION OF THE CODE**

- a) The Code will be strictly enforced and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action.
- b) Violations of laws, regulations, rules and regulatory orders will subject the Officers to individual criminal or civil liability, apart from disciplinary action by the Company.
- c) Such individual violations may also subject the company to civil or criminal liability or the loss of business. The Company shall have the right to claim damages from the violating Officer(s).

The corrective and/or disciplinary action under this Code shall be determined:

- i. in case of violation by any member of the Board, by the Board of Directors.
- ii. in case of violation by any member of Senior Management, by the Managing Director of the Company.

If any Officer who knows of or suspects of a violation of applicable laws, rules or regulations or this Code of conduct, he/she must immediately report the same to the Board of Directors through the Compliance Officer. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

#### **E. REVIEW OF THE CODE**

The adequacy of the Code and its working shall be reviewed from time to time by the Board of Directors of the Company, as they deem fit.

**F. WAIVERS AND AMENDMENTS**

This Code is subject to continuous review and updation in line with any changes in law, changes in company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board.

Any waivers (including any implicit waivers) of the provisions in this Code for any Officer other than Managing Director, will be granted by the Managing Director and in case of the Managing Director it will be granted by the Board of Directors.

Amendments to this Code must be approved by the Board of Directors



**EXTRACTS OF THE RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013**

***SECTION 166 – DUTIES OF DIRECTORS***

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall 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.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

**CLAUSE III OF SCHEDULE IV OF THE COMPANIES ACT, 2013 - CODE FOR INDEPENDENT DIRECTORS**

**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.