



Version adopted by : The Board of Directors of AIA Engineering Limited

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## **AIA ENGINEERING LIMITED**

### **CODE OF CONDUCT**

#### **FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

##### **1. Background**

AIA Engineering Limited (“AIAEL”) and its subsidiaries (collectively the “Company” is committed to the highest standards of Corporate Governance. This Code of Conduct for Board of Directors and Senior Management (“Code”) helps maintain the standards for business conduct for Board of Directors (“Directors”) and Senior Management.

This Code has been framed in compliance with the regulation 17(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 (“SEBI LODR”) which stipulates that the Board of Directors of every listed company shall lay down a code of conduct for all Board members and Senior Management of the Company.

The Compliance Officer shall be responsible for providing clarifications to the Board of Directors and Senior Management and to help them comply with the Code.



## **2. Definitions**

**AIAEL** – AIA Engineering Limited

**Directors** – Board of Directors

**Company** – AIA Engineering Limited and its Subsidiaries

**Code or This Code**– Code of Conduct for Board of Directors and Senior Management

**SEBI LODR** – SEBI Listing Obligations & Disclosure Requirements

**Senior Management**–As per the Companies Act, 2013, “Senior Management” comprises of “personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads”), whether working at the Company’s or its subsidiaries’ premises, at offsite locations where its business is being conducted or at any other place where they are representing the Company.

**Third Party (ies)** – The term “Third Party” in this Code refers to an entity or individual that has a business arrangement or renders services to the Company. Third Party may include entities or individuals or any third parties the Company and employees deal with or does business with such as consultants, contractors, subcontractors hired by the contractors working on behalf of the Company, suppliers, sales agents, regulatory consultants, service providers, import and export companies, government and public bodies, charitable contributions, etc.

**UPSI**– Unpublished Price Sensitive Information (as defined in SEBI (Prohibition of Insider Trading) Regulations, 2015) means information relating to the Company or its securities directly or indirectly that is not generally available which upon becoming available is likely to materially affect the price of such securities.

## **3. Applicability**

This Code is applicable to the following:

1. All the members of the Board of Directors of the Company
2. Senior Management (as described in “Definitions” section)



#### **4. Key requirements**

##### **A. Conflict of Interest**

A Conflict of Interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Directors and Senior Management shall not engage in any relationship, business or an activity which may be in conflict with the interests of the Company.

While it may not be possible to cover every possible conflict situation and at times and it may not be easy to distinguish between proper and improper activity, as a general rule, all Directors and Senior Management shall avoid actual and / or potential Conflict of Interest and shall always uphold the interests of the Company as a professional in letter and spirit.

A list of common circumstances that may lead to a conflict of interest, actual or potential:

- i. Directors and Senior Management should not engage in any relationship, business or an activity that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the Company.
- ii. Directors and Senior Management and their immediate families should generally refrain from investments in such companies/ entities whereby their responsibility to the Company is compromised.
- iii. Directors and Senior Management, before conducting Company business with a relative / related party in which a relative / related party is associated in any significant role, must disclose their interest and should fully disclose it to the Board of the Company. Transactions/ dealing done on arm's length basis shall not be considered to be conflict of interest.
- iv. Directors and Senior Management should not divert to one's own advantage any business opportunity that the Company is in pursuit.
- v. Directors and Senior Management should not compete with the Company, whether directly or indirectly.

Directors and Senior Management shall avoid and disclose actual and potential conflicts of personal interest with the interest of the Company and disclose all contractual interest, whether directly or indirectly, with the Company.

##### **B. Honest and Ethical Conduct**

Directors and Senior Management are expected to act in good faith and in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working at the Company's premises, at offsite locations, at Company's sponsored



business and social events, and/or at any other place where the Directors and Senior Management represent the Company.

Apart from the Code, the Independent Directors, in particular, shall also abide by the Code for Independent Directors as prescribed under the Companies Act, 2013, as amended, and the Regulations, as amended from time to time (Annexure A).

**C. Compliance with Applicable Laws**

Directors and Senior Management are required to comply with all applicable laws, rules and regulations, in all areas and geographies where the Company operates in, both in letter and in spirit. Hence, Directors and Senior Management must acquire appropriate knowledge of the legal requirements relating to their duties sufficient in enabling them to recognize potential risks, and to know when to seek advice from the Legal Department.

**D. Confidentiality of Information**

Directors and Senior Management must maintain confidentiality of information relating to the affairs of the Company of all the knowledge gained in the course of their service as Directors or Senior Management, until and unless authorized or legally required to disclose such information. The Company's confidential and proprietary information shall not be used or inappropriately disclosed for and other corporate opportunities for personal advantage.

In dealing with Third Parties, Directors and Senior Management must disclose only that information which is essentially needed for conduct of business. They should not speak or declare on behalf of the Company unless specifically authorized to represent Company in a specific matter.

**E. Health, Safety and Environment**

Directors and Senior Management are responsible for making sure that the way the Company carries out business does not harm the health and safety of its own people or anyone else affected by its activities, products or services. Directors and Senior Management shall ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

**F. Financial Reporting and Records**

It is critical to ensure that all transactions are properly identified, analyzed and recorded. The Senior Management must ensure that the Company prepares its accounts in accordance with the accounting standards which generally represent accepted guidelines, principles, standards, laws and regulations of the country where the Company conducts its business.

Regardless of whether a Director or Senior Management is directly involved in financial reporting, all reasonable efforts are expected to ensure that business records and reports are accurate, complete and reliable.



**G. Fair Dealing**

No discrimination shall be done on the basis of race, caste, religion, gender, nationality or disability of any kind towards any employee or Third Party. Directors and Senior Management should also ensure that all fellow employees are treated with dignity.

**H. Child Labour**

Directors and Senior Management must ensure that no child labour is employed under any circumstances.

**I. Human Rights**

Directors and Senior Management must ensure protection of Fundamental Rights enshrined in the Constitution of India.

**J. Indigenous Rights**

No specific guidelines on indigenous rights have been formulated but care is taken not to violate fundamental rights. Representation is given for recruitment of the local people.

**K. Insider Trading**

Directors and Senior Management shall not indulge in Insider Trading, directly or indirectly, and shall not derive benefit or assist others to derive benefit by giving investment advice based on UPSI about the company and therefore constituting insider information. All Directors and Senior Management shall comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

**L. Protection and Proper Use of Company Assets and Proprietary Information**

Directors and Senior Management shall as far as practicable, protect the Company's assets, whether tangible or intangible, from loss, damage, misuse or theft and ensure that the assets are only used for business purposes and other purposes specifically approved by management and must never be used for unauthorized purposes.

Company's assets include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with Third Parties. Unauthorized use or distribution of such information shall not only be a violation of this Code and the terms of employment with the Company, but could also be illegal and result in civil and / or criminal prosecution.

**M. Gifts / Remuneration / Favors**

Directors and Senior Management shall ensure the following:



- i. Shall not accept any gift, payment, remuneration or any favor from Third Parties, in course of business dealings. Items of nominal value, which are commemorative in nature, are excluded
- ii. Shall not charge any personal expenses to the Company
- iii. Shall not accept concurrent employment or Directorship with Third Parties or competitors of the Company

Directors shall inform the Company immediately about emergence of any situation that may disqualify him / her from Directorship.

### **5. Policy review**

The Compliance Officer may review the functioning of the Code from time to time and make suggestion for its effective functioning. The Compliance Officer will also monitor the effectiveness and review the implementation of this Code, considering its suitability, adequacy and effectiveness. The Company reserves the right to vary and/or amend the terms of this Code from time to time. The Compliance Officer carry out changes in the Policy as any amendment of the SEBI LODR from time to time. Material Changes to the Policy will need the approval of the Directors and promptly displayed on the Company's website.

If there be any inconsistency between this Code and the SEBI LODR, the provisions of the SEBI LODR shall prevail.

### **6. Effective date**

The Policy as approved by the Directors shall be effective from 2nd November, 2020.

### **7. Waiver of the code**

Any waiver of the applicability of the Code or waiver of application of any provision of the Code to any Director or Senior Management shall be approved by the Directors and disclosed as required by law or SEBI Regulations.

### **8. Compliance to the code**

All Directors and Senior Management shall affirm / report on or before 31st March of each year, compliance to the Code in the prescribed form (Annexure B). Failure to comply with this Code may result in disciplinary action. Questions about this policy should be referred to the Compliance Officer, who is in charge of administering, enforcing and updating this policy.



## **Annexure A**

### **Code of Conduct for Independent Directors (As per Schedule IV of Companies Act, 2013)**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment 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 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 considerations that will vitiate his exercise of objective independent judgment in the
6. paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment
7. of the Board in its decision making;
8. not abuse his position to the detriment of the Company or its Shareholders or for the purpose of gaining direct
9. or indirect personal advantage or advantage for any Associated Person/ Relative;
10. refrain from any action that would lead to loss of his independence;
11. where circumstances arise, which make an Independent Director lose his independence, the Independent
12. Director must immediately inform the Board;
13. assist the Company in implementing the best Corporate Governance practices.

#### **II. Role and Functions:**

An independent director 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. scrutinize 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 and Senior Management and have a prime role in appointing and where necessary, recommend removal of Executive Directors 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.

## II. Duties:

An independent director 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 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 properly 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 Code of Conduct;
  12. acting within their 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 under the Act, the Regulations and other applicable laws.
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**Annexure B – Compliance to the Code**

This is to acknowledge that I, \_\_\_\_\_, a member of Board of Directors / Senior Management hereby affirm compliance to the Code of Conduct for Board of Directors and Senior Management adopted by the Board of Directors, for the financial year \_\_\_\_\_.

(In case any provision of the Code has not been complied with, please state exact provision and circumstances for such non-compliance in detail along with details of waiver granted by the Board, if any).

Signature: \_\_\_\_\_

Name [printed]: \_\_\_\_\_

Date: \_\_\_\_\_