SALZER ELECTRONICS LIMITED

REVISED CODE OF CONDUCT

SALZER ELECTRONICS LIMITED
COIMBATORE-641047

CODE OF CONDUCT

APPLICABILITY:

Applicable to all Board of directors including Independent Directors, Board Committees, Senior Management and employees of Salzer Electronics Limited and its Subsidiaries (hereinafter referred as Salzer Group)

In line with the best business practices worldwide, the Securities and Exchange Board of India has evolved a 'corporate governance code', which has been incorporated in Clause 49 of the Listing Agreement of the Stock Exchanges.

Among the major features of this code are transparency, full disclosure, independent monitoring of the company's state of affairs and, being fair to all stakeholders.

The purpose of this **Code** of **Conduct** (the "**Code**") is to **conduct** the business of the Company in accordance with the applicable laws, rules and regulations and with the highest standard of ethics and values. The matters covered in this **Code** are of utmost importance to the Company, its directors, its shareholders, its management and employees and other stakeholders. This C**ode** is intended to provide guidance and to help in dealing with ethical issues and identifying areas of concern.

This **Code** shall come into force with immediate effect. Each and every Director/ Senior Management/ Employees shall be duty-bound to follow the provisions of this **Code** in letter and spirit. Any instance of non-compliance of any of the provisions shall be a breach of ethical **conduct** and shall be viewed seriously by the Company. Accordingly, the Director/ Senior Management/ Employees are expected to read and understand this **Code** and uphold these standards in their business dealings and activities. Any question or interpretation under this code can be well brought before the Board of Directors or Designated person/Committee thereof or Compliance officer.

I. HONEST AND ETHICAL CONDUCT:

The Director/ Senior Management/ Employees to act in accordance with the highest standards of personal and professional integrity, honesty and ethical **conduct** while working at the Company's premises and as well as any places of social events on the matters relating to the Company. The Standards of Integrity and ethical conduct shall also be maintained at the places where they happen to work on behalf of the company while on deputation or otherwise. We consider honest **conduct** to be **conduct** that is free from fraud and/or deception. We consider ethical **conduct** to be **conduct** conforming to the accepted professional standards of **conduct**. Ethical **conduct** includes ethical handling of actual or apparent conflicts of duty and interest.

II. CONFLICTS OF DUTY AND INTEREST:

The Duty of the Director/ Senior Management/ Employees of the Company demands that he or she avoids and discloses actual and apparent conflicts 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.

For Eg:

A. Any outside business activity that distracts the individual's ability, attention and time to the responsibility in the Company.

B. Any ownership, employment relationship with any supplier, customer, business associate or competitor of the company.

C. Any monetary or fringe benefits received by the members of the family in connection with his or her employment in the company.

D. Any events that may make him or her difficult to perform the duties.

III. OUTSIDE DIRECTORSHIPS:

It is a conflict of interest to serve as a Director of any Company that competes directly with the Company. Director/ Senior Management/ Employees must first obtain approval from the Company's Board of Directors before accepting such Directorship. Further each Director/ Senior Management/ Employees shall inform the Board of any changes in their board positions, Committee positions, relationship with other businesses (including charitable).

IV. CORPORATE OPPORTUNITIES:

The Director/ Senior Management/ Employees shall not use the information or opportunity obtained while dealing with the Companies business for their own personal gain unless the information or opportunity is first disclosed in writing to the Company's Board of Directors.

V. ANTI BRIBERY POLICIES

The Company strictly prohibits the Bribery in any Form. The act of the Director/ Senior Management/ Employees of the Company becomes illegal and if such act involving corrupt offer, payment, promise to pay or authorization to pay any money, gift, or anything of value to any Government and such other officials for the purpose of

a) Influencing any act or decisions of the Government official in his official capacity, inducing the Government official to do or omit to do any act in violation of his lawful duty, securing any improper advantages; or

b) Inducing the Government official to influence a decision of a Government authority; or

c) Inducing any vendor, supplier, purchaser, seller, agent, distributor, service provider including their officials, associates to do or omit to do any act in violation of his lawful duty in the course of the business transactions in order to obtain or retain business or to direct business to any one.

The term "anything of value" may include cash payments, gifts, entertainment, excessive business promotional activities, covering or reimbursing expenses of the government officials and such other officials, in kind or political contributions, investment opportunities, shares, securities, loans, or contractual rights, promise of future employment, payments under consulting agreements, sub-contracts, stock options, and similar items of value provided to the Government official.

VI. OTHER SITUATIONS:

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Director/ Senior Management/ Employees must consult the Company's Chairman and/ or the Board of Directors and or Committee of the Board, if any.

VII. COMPLIANCE WITH GOVERNMENTAL LAWS, RULES AND REGULATIONS

The Director/ Senior Management/ Employees shall comply with all applicable governmental laws, rules and regulations. Any Director/ Senior Management/ Employees who is not acquainted with the legal formalities involving Company's business conducted by him/her should consult and obtain concurrence from the legal department/compliance officer of the Company before omitting or committing any action that may jeopardize the Company or that concerned individual.

VIII. CONFIDENTIAL INFORMATION

The Director/ Senior Management/ Employees are required to maintain the confidentiality of all confidential information that they come across in the normal course of the Company's business, except when such disclosure is required under normal course of business or under an act of law. The Confidential information includes all information that may act as a privy to the business of the Company in manner whatsoever.

IX. DISCLOSURES

The Company's policy is to provide full, fair, accurate, timely and understandable disclosure in reports and documents that Company file with, or submit to, the stock exchange, SEBI and/or any other government agency and in all other public communications made by the Company. Company's management has the general responsibility for preparing such filings and communications and shall ensure that the same shall conform to all applicable laws and regulations.

X. COMPLIANCE WITH CODE OF CONDUCT

Director/ Senior Management/ Employees ethical responsibility is to help enforce this **Code**. Director/ Senior Management/ Employees shall ensure compliance of all applicable laws, rules and regulations and this **CODE OF CONDUCT.** In case of any noncompliance or violation s/he must immediately bring the same with full and complete details as far as possible to the Board of Directors or any designated person/ Committee or Compliance officer who will address the issue. In the opinion of the Company resolving of such problems or concerns will benefit the overall interest of the Company in the long run by safeguarding the Company's assets, financial integrity and reputation.

XI. CODE OF CONDUCT FOR INDEPENDENT DIRECTOR AS LAID DOWN IN 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.

a. 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 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 for 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.

XII. Role and functions of the Independent Director

a. 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) 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, 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.

b. Duties of the 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 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.

xii. Awareness About This Policy

All the departmental heads across the Company will be trained suitably about this Policy and who in turn will spread among their sub-ordinates through such means including display in their work areas

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