

## **Code of Conduct for the Board of Directors**

### **I. Introduction**

This Code of Conduct ("the Code") applies to all the members of the Board of Directors of Orchid. It also applies to members of the Board of Directors of subsidiary companies of Orchid. Reference throughout the Code to "the Company" means Orchid or the subsidiary, in which the Director acts. Reference in the Code to "a connected party" or "connected persons" means the following:

- (a) Spouse, parents, brother, sister, child or step-child
- (b) A body corporate with which the director is associated either directly or indirectly
- (c) A person acting as the Trustee of any trust, the beneficiaries of which include the director or persons at (a) above or the body corporate at (b) above

The members of the Board of Directors of the Company should acknowledge and accept the scope and extent of their duties as Directors. The Directors are entrusted with and responsible for the oversight of the assets and business affairs of the Company in an honest, fair, diligent and ethical manner. As Directors, they must act within the bounds of the authority conferred upon them and with the duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders. The Board of Directors has adopted the following Code of Conduct and the Directors are expected to adhere to the standards of loyalty, good faith, and the avoidance of potential conflict of interest which may arise between the responsibilities of a director and any other outside interest which he /she or a connected party of the said Director may have. The Code may not be a full statement of the obligations of a director arising from his /her relationship with the Company.

### **II. General Responsibilities**

At all times it is the responsibility of each director to ensure that he /she acts within the law in general and in particular in fulfilling his /her duties as a director. It is the responsibility of each director to satisfy himself /herself as to what is lawful or otherwise. A Director generally must not engage in conduct, or make any public

statement likely to prejudice the Company's business or likely to harm, defame or otherwise bring discredit upon or denigrate the Company, fellow Directors or staff. A Director may make such a statement only if the Director believes in good faith that it is in the best interests of the Company as a whole to make such a statement.

### **III. Secrecy**

The directors of the Company in the course of their duties have access to confidential information. In this regard attention is drawn to Article 133 (a) of Orchid's Memorandum and Articles of Association, which states:

"133 (a) Every Director, (except institution /ex-officio director) Auditor, Trustee, member of a committee officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company and all matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties

except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained."

### **IV. Disclosure of Interest**

- The duty of each director is to act at all times solely in the interests of the Company to the exclusion of all other considerations.
- With regard to the issue of Disclosure of Interest attention is drawn to Article 82 of Orchid's Memorandum and Articles of Association which states:

"82. A director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in section 299 (2) of the Act. Provided that it shall not be necessary for a director to disclose his concern or interest in any contract or

arrangement entered into or to be entered into with any other company where any of the directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.”

- A conflict of interest exists in any situation where the personal or other interest of a director or a connected party might in any way affect the discharge by a director of his /her duties or his /her deliberations in a situation where a director or a connected party could benefit. It makes no difference that the Company does not suffer by the conflict of interest. A director or his /her relatives, friends or associates must not under any circumstances obtain any such benefit.
- In addition to the requirements specified in Article 82 regarding disclosure of interests, this Code of Conduct establishes for each director a more specific requirement regarding disclosure of interests and procedures to be followed where a conflict of interest may exist.
- Declaration of Directors' Interests

On appointment to a Board each director should furnish to the Company Secretary of the Company details of his employment and of all other business interests including shareholdings, professional relationships etc. Disclosures over and above those required by the Companies Acts will be treated as confidential.

The interests of any connected party, which could involve a continuing conflict of interest, should be disclosed as far as the director knows them.

**Notes:**

- a) Disclosure of minor shareholdings is at the discretion of the Board.
- b) *A holding valued (nominal value) at more than Rs. 3,00,000 in the shares of a company or of more than 1% of the issued share capital of a company whichever is lower is not considered as a minor shareholding.*

Each director should consult the Chairman if he/she is in doubt regarding disclosure of an interest of his /her own or a connected person (as defined above).

- With regard to the disclosure of General Notice of Interest attention is drawn to Article 83 of Orchid's Memorandum and Articles of Association which states:

**General Notice of Interest**

“83. A general notice given to the Board by the directors to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any notice shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.”

- Register of Directors' Interests

The Company Secretary will maintain a Register of the interests. The Register will be updated on a quarterly basis. Changes in interests should be notified to the Company Secretary in the interim as soon as possible. Use of the register will be strictly limited to the requirements of this Code.

- As it is recognised that the interests of a director and persons connected with him /her can change at short notice, a director should, in cases where he /she receives documents relating to his /her interests or of those connected with him /her, return the documents to the Company Secretary.

A director should absent himself /herself when the Board is deliberating or deciding on matters in which he /she (other than in his /her capacity as a member of the board) or a person or body connected with him /her has an interest.

Where a question arises as to whether or not a case relates to the interests of a director or a person or body connected with him, the Chairman shall determine the question and his decision shall be final.

**V. Gifts and Benefits**

A director must not obtain personal advantage from any person dealing with the Company.

In particular a director must not accept any gifts, or inducements where the value of such could make it appear that the person giving is attempting to influence the Director to gain advantage. Any such gifts or inducements received should be returned with the request that no gifts be forwarded in future.

**VI. Compliance with Insider Trading Policy of the Company**

All the Directors on the Board shall mandatorily comply with the Insider trading policy of the Company while trading in the Company’s Securities at any time. The Directors shall observe strict compliance of the policy and shall not obtain any personal advantage with the access of Price Sensitive Information.

**VII. Failure to comply with the Code**

Failure by a director to comply with this code of conduct may result in his /her actions being referred to a committee of the Board by the Chairman and will make a director liable to such action (including removal from the Board). The Committee so appointed shall advise the Chairman and the decision of the Chairman shall be final and would be communicated.

**The Directors will annually affirm compliance with this Code. The Annual Report of the Company will contain a declaration to this effect signed by the Chairman & Managing Director.**

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