



# **CONFLICT OF INTEREST POLICY**

**Last Amended: June 08, 2020**

**Adopted by the Board: June 08, 2020**

---

## 1- **PREAMBLE**

Subject to Public Sector Companies (Corporate Governance) Rules 2013 and applicable relevant law on the subject in force explicitly adopted by the HESCO Board from time to time and to ensure Conflict of Interest Policy with Corporate Governance as enunciated in relevant laws and rules thereunder, for the Board of Directors, Senior Management, and all employees of Hyderabad Electric Supply Company Limited (the “**Company**” or “**HESCO**”) and inconsequent to the requirement of Rule 5 (4) of the Public Sector Companies (Corporate Governance) Rules, 2013 (the “**Rules**”) the HESCO Board has unanimously approved this policy.

## 2- **OBJECTIVE**

- 2.1 Ethical Guide for the Directors, Executives and Employees of the Company
- 2.2 Compliance of Public Sector Companies (Corporate Governance) Rules 2017, to ensure compliance with the fundamental principles of objectivity, integrity and honesty.

The principles of probity and propriety entails that the company’s assets and resources are not used for private advantage and due economy is exercised so as to reduce wastage. The principle shall be adhered to, especially with respect to handling of public funds, assets, resources and confidential information by directors, executives and employees and claiming of expenses

## 3- **DEFINITIONS**

### **3.1.1. INTERESTED PERSON**

Any Directors, Employees, Advisors & Consultants, Management Trainees and Daily wages staff of HESCO, who has a direct or indirect financial interest in any entity / organization working in the Power Sector, is an interested person.

### **3.1.2. FINANCIAL INTEREST**

The Directors, Employees, Advisors & Consultants, Management Trainees and Daily wages staff of HESCO has a financial interest if the person has, directly or indirectly, through business, investment, or family:

An ownership or investment interest in any entity with which the Company has a transaction or arrangement;

3.1.1 A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement;  
or

3.1.2 A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

## **4- SCOPE**

This Conflict of Interest (CoI) Policy applies to all Directors, Employees, Advisors & Consultants, Management Trainees and Daily wages staff of Hyderabad Electric Supply Company Limited. The Company hereby requires it's;

- 1) Directors
- 2) Employees (Regular, Contractual and on Deputation)
- 3) Advisors & Consultants
- 4) Management Trainees
- 5) Daily Wages Staff

The observance of high standards in the conducting of its business activities, all Directors, Employees, Advisors & Consultants, Management Trainees and Daily

wages staff must well understand and meet the standards of professional and personal Ethics / Integrity expected of them to protect and safeguard the Company against any Conflict of Interest. Contravention of “CoI” will be regarded as misconduct.

5- **CIRCUMSTANCES WHEN A PERSON MAY BE DEEMED TO HAVE ACTUAL OR POTENTIAL CONFLICT OF INTEREST**

5.1 When the director, executive or other employee has any stake, pecuniary or otherwise, in such matter which could reasonably be regarded as giving rise to conflict between his duties to objectively perform his official functions in a manner that his ability to consider and decide any matter impartially, or to give any advice without bias is compromised.

5.2 Conflicts of interest may also arise when Directors, Employees, Advisors & Consultants, Management Trainees and Daily wages staff or members of their family, receives improper personal benefits as a result of his or her position at the Company.

6- **RESPONSIBILITIES FOR AVOIDING CONFLICT OF INTEREST:**

All the Directors, Employees, Advisors & Consultants, Management Trainees and Daily wages staff;

6.1 Has prime responsibility to the company and is expected to avoid any activity which could cause interference in discharge of their responsibility towards the Company.

6.2 Are forbidden from directly or indirectly holding any personal financial interest in the company and involving any deal of supplying goods or services to the company.

6.3 Should not engage in any outside business or activity which may cause interference in discharge of their official duties.

- 6.4 Should declare any private interests relating to his/her official duties and take steps to resolve any conflicts in a way that protects the Company's interest;
- 6.5 Should not place himself / herself under any financial or other obligations to any individual or organization which may influence him/her in the performance of his/her official duties;
- 6.6 Should not misuse his / her position and not take decisions / actions in order to derive financial or material benefits for himself/herself or his / her family or his / her friends;

7- **RESPONSIBILITY OF DECLARING CONFLICT OF INTEREST**

- 7.1 The directors or senior executives during the Board/Committee meeting will sign declaration that they don't have any conflict of interest in the business of the meeting. In case of any conflict of Interest the directors or senior executives will mention the same along with his / her signature.
- 7.2 Other employees will submit Conflict of Interest Performa (Annex-A) to the Director General (HR) OR to the Drawing and Disbursement officer, whatever the case may be.

8- **PROCEDURES FOR DECLARATION OF CONFLICT OF INTEREST IN BOARD / BOARD-COMMITTEE MEETING**

The directors or senior executives during the Board/Committee meeting will sign "Declaration of No Conflict of Interest" that they don't have any conflict of interest in the business of the meeting.

In case of any conflict of Interest following procedure will be adopted: -

- 8.1 (a) An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall will leave the

meeting during the discussion of, and the vote on, the transaction or arrangement involving his/her possible conflict of interest.

- 8.2 (b) The Chairman of the Board or committee shall, if appropriate, will appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 8.3 (c) After exercising due diligence, the Board or Committee shall determine whether the Company can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- 8.4 (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Company's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

## **9- RECORDING OF CONFLICT OF INTEREST**

### **9.1 RECORDING IN MINUTES**

The minutes of the meetings of Board of Directors and the Board Committees will contain the following: -

- 9.2 The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

- 9.3 The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **10- RECORDING IN CONFLICT OF INTEREST REGISTER**

For the interested persons (Directors and Senior Executives) who are involved in the decision making at the level of Board of Directors OR Board Committees, a register of conflict of interest will be maintained by the Company Secretary containing record of personal, financial or business interest and the same will be publically available.

#### **11- VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY**

- 11.1 If the Board or committee has reasonable cause to believe that the interested person has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.
- 11.2 After hearing the interested person response and after making further investigation as warranted by the circumstances, the Board or committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action(s).

#### **12- PROCEDURE FOR DISCLOSING CONFLICT OF INTEREST OTHER THAN BOARD/BOARD-COMMITTEES**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts at the following forum

- 12.1 For other officers (BPS-17 and above) & the Consultants, a register of conflict of interest of interest will be maintained by DG (HR)

- 12.2 For other employees, a register of conflict of interest will be maintained by the respective Drawing and Disbursement Officer.

13- **VIOLATION OF CONFLICT OF INTEREST (COI) POLICY**

- 13.1 If the relevant officer has reasonable cause to believe that the interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.
- 13.2 After hearing the interested person response and after making further investigation as warranted by the circumstances, the relevant officer determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action(s).

14- **ANNUAL STATEMENT**

Each Directors, Employees, Advisors & Consultants, Management Trainees or Daily wages staff shall sign a statement which affirms such person:

- 14.1 Has received a copy of the conflicts of interest policy?
- 14.2 Has read and understands the policy?
- 14.3 Has agreed to comply with the policy?

15- **RELATIONSHIP WITH OTHER POLICIES**

This policy needs to be read in conjunction with following policies and Rules

- 1- HESCO Code of Conduct
- 2- WADPA E&D Rules adopted by HESCO

\*\*\*\*\*