

GIFTS, ENTERTAINMENT & HOSPITALITY POLICY

NELCO recognizes that gifts are normally given to strengthen business relationships between partners. There will be occasions when our business partners may wish to offer Gifts or extend Hospitality to our employees. The Gifts, Entertainment and Hospitality Policy is being framed to provide guidelines to individual employees to conform with The Tata Code of Conduct. The cardinal principle would be that gifts should not be given or received either to obtain favours / preferential treatment, or in return for favours / preferential treatment.

This policy sets out guidelines of business conduct for all the employees of the Company with its business partners/vendors which includes manufacturers, suppliers, agents, customers, consultants, banks, financial institutions, outsourced partners, service providers and anybody who deals with the Company in any manner and who has any kind of business relationship with the Company.

1. The Gifts, Entertainment and Hospitality policy governs the giving and/or receiving of any item of value (hereafter referred to as "gifts"), including goods, services, travel, honorarium, entertainment, hospitality, food, beverages, any promotional items to or from business partners directly or indirectly received at Company's office, recipient's residential premises/any other place and conduct of employees with regard to attending/hosting business partner related events. Gifts could be either solicited or unsolicited. The company, regardless of the circumstances, does not permit the soliciting of gifts. This policy defines the circumstances under which unsolicited gifts received either in India or abroad can be accepted and retained.
2. The circumstances under which gifts might be received fall into various categories
 - a) Gifts received on New Year, Diwali and other festive occasions.
 - b) Gifts received on occasions of wedding of self or children.
 - c) Gift vouchers / gift cheques received in recognition of professional contribution made by the recipient, such as for making a presentation, conducting a training programme / workshop for professional and academic institution etc.
 - d) Gifts received on the occasion of a terminal event such as transfer or on cessation of employment.
 - e) Gifts received for any other reason, not stated in (a) to (d) above, which normally should include gifts received on Special Commemorative occasions such as completion of years after an event, product launch, financial closure etc.

3. Type of Gifts

An illustrative list of type of gifts that might be received is provided below:

- a) Articles of an edible nature for festival occasions.
- b) Articles of use in an office such as table clocks, stationery, desk accessories etc.
- c) Gift vouchers / gift cheques/ artefacts

4. Circumstances under which gifts can be accepted

The value of the gift if up to Rs. 2,500/- subject to the following sub-clauses wherever applicable.

- a) Receipt of Cash Gift: Only in case of retirement or cessation of employment, cash gift from fellow employee(s) (no limit) can be retained by employees. No cash gift from any other person/party will be allowed.
- b) However, in the case of transfers, collective gift in kind can be received. The value limit is not applicable in such cases.
- c) Gifts received in recognition of a professional contribution made by the recipient, such as for making a presentation, conducting a training programme / workshop for a professional and academic institution, Multilateral Agencies, Government bodies, Organizations/ Companies, etc.
 - i. Where the receipt is through gift voucher, memento or gift of value up to Rs. 10,000/-, the recipient may be permitted to retain the gift/voucher, if prior permission is taken from the company and the overall limit will be restricted to Rs. 10,000/- per financial year. Any tax liability on the same shall be borne by the employee in such cases. If the value of cheque/gift voucher is higher than Rs. 10,000/-, the amount more than Rs.10,000/-, shall be deposited with Nelco. All such cases should be informed to the Chief Ethics Counsellor. No cash is to be received.
 - ii. Where the company has borne expenses, such as travel or lodging, related to the event and such expenses are reimbursed by the organizers, all such reimbursements will be surrendered to the company.
- d) Receipt of gift from parties having business relationship with the company including gifts from subordinates.
 - i. Gifts received from a donor where the donor has a business relationship with the company and could derive benefits from the recipient should only be of value up to Rs. 2,500/- and must be only non-cash gifts

- ii. Illustrative categories of parties with business relationships with the company would be vendors, dealers, contractors, consultants and customers etc. However, all such gifts should have the donor's Company's logo or business identity.
 - iii. No gift should be accepted from any person or party who is in default regarding dealings with the Company in any manner.
 - By way of illustration, parties in default would be parties from whom money is overdue or parties with whom the company is engaged in litigation and parties against whom disciplinary action has been taken.
 - It is desirable that the recipient should check the status of the parties from Finance department to make sure that the provisions of the above clause are not contravened.
 - iv. During interaction, Nelco employees should make the vendors/parties aware that Nelco Ethics/Gift Policy does not encourage sending or giving gifts and that, parties should refrain from sending gifts. Also, the vendors/parties should be told by the recipient that the receiving of gift will be informed to the employer.
5. Where an employee receives gifts in excess of the caps contained in this policy, it would be advisable to return the gift to the donor with standard covering letter (as given below in Annexure - 1), thanking the donor for the gift and quoting the relevant provision of this policy.
 6. However, it is recognized that at times gifts valued in excess of the caps contained in this policy are to be received, as the return of these gifts may cause embarrassment. This situation may occur specially during overseas visit of our officers where sometimes expensive gifts are given by overseas hosts. In such a situation, the recipient should surrender the gift at the earliest to the Administration Department.
 7. The company considers it to be a good practice to share gifts of a nature, which an employee himself is permitted to receive, such as gifts of an edible nature, with fellow employees. The nature of the gift permitting, it would also be a good practice to use the gifts in the office.
 8. Guidelines for giving gifts:
 - i. Permissible gifts like eatables, sweets etc. can be given on festive occasions as a customary practice, in spirit of goodwill and relationship development. However, the value of such gift should not be higher than Rs. 2,500/-.
 - ii. Employees must refrain from giving any gifts that imply soliciting a favorable response in future dealings with that company/ agency.
 - iii. Money in any form, valuables and vouchers for exchange etc. are strictly non-permissible gifts. Therefore, such gifts should not be made to any level of officers in the Government or any other organization, in order to facilitate/ speed up a process
 - iv. Employees are strictly not permitted to send any gifts at the residence of representatives of agencies, suppliers, distributors, service providers, etc.

9. Declaration regarding receipt of gift:

In all instances, the recipient of a gift, will make a declaration stating the description of the gift that has been received, the estimated value of the gift and the circumstances under which the gift was received and particulars of the donor. Such declaration should be submitted to the office of the Chief Ethics Counselor or Head HR within 15 days of the receipt, in prescribed format as attached below (Annexure – 2).

Gifts over Rs. 2,500/- (except of edible nature) should be returned to the Administration Department.

In case of any clarification/ interpretation of this policy, the employee should contact the Chief Ethics Counselor and/or Head – HR.

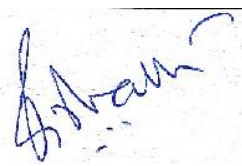
10. Hospitality and Entertainment policy

- a. Hosting meal events with customers/business partners/vendors in the normal course of business is acceptable. Employees above the level of Sr. Manager will be eligible to claim business entertainment expenses. For any employees below the level of Sr. Manager, prior approval will need to be taken from the Head of Department not below level of VP. Reasonable expenses at actuals upto a limit of Rs. 2,500/- per head, will be re-imbursed on submission of appropriate bills and vouchers. The expense claims must specify the venue, purpose of the business entertainment and names of guests entertained. The expense claims need to be approved by the Department Head not below level of VP. For any deviations from the above mentioned limit, approval of MD & CEO will be required.
- b. Participation in formal events promoted by vendors is acceptable once a formal invitation is received & accepted on behalf of the Company, HoD's approval is in place and cost of travel and related expenses are incurred by the Company.
- c. No employee should travel on business partner sponsored trips. No employee should accept any entertainment, transportation, accommodation or other travel-related amenities from any business partner or external party.
- d. In circumstances where participation in a vendor sponsored event is deemed necessary for business, and bulk booking arrangements are made by the vendor for accommodation and meals, the pro-rata costs should either be reimbursed to the vendor or preferably paid directly to the provider of accommodation and meals. However, for events organized by vendors like satellite communications operators/ OEMs in which all partners/customers are invited, the Company could conditionally accept the invite in writing that the Company would bear the cost of travel, boarding and lodging. In case the vendors do not agree that the Company bear the cost or do not respond to the Company's communication, the executives are permitted to attend such events, subject to the Company bearing the actual air travel cost.

- e. As a measure of good corporate governance, all vendor sponsored events attended by the Company's executives should be disclosed to the MD & CEO, along with the event location, the size of business transacted with the vendor and the value of expenses incurred in participation. The participation of the MD & CEO in such events must be specifically informed to the Chairman of the Board.
- f. Spouse or family can travel with the employee during any business trip provided that all expenses on such trips on account of the spouse/family is borne by the employee and not by the company/vendor. This includes room, travel and all other incidental expenses.
- g. Any travel which involves gambling, entertainment which is sexually explicit or illegal or would otherwise violate our values or code of conduct, is strictly prohibited.
- h. Interaction with vendors must take place in locations / establishments generally recognized as appropriate for the conduct of business. Interactions in adult entertainment clubs or at adult / inappropriate events are expressly prohibited.
- i. Sightseeing or other recreational activities during a trip are not allowed unless they are minimal and incidental in nature.
- j. Employees must maintain decorum and attend business sessions organized by the vendors during any such trip.
- k. General Sponsored Travel:- In case of Invitations to events / seminars from Industry bodies, government bodies and educational institutions which are funded by the sponsor, they may be accepted under the following conditions –
 - i. The event / seminar is relevant and directly associated with the Company;
 - ii. The Sponsor is not a vendor or supplier of the Company;
 - iii. There is no pending negotiation or commercial discussion with the sponsor
- l. MD & CEO to be the final approving authority for travel requests for all employees for such partner sponsored events. For MD & CEO, prior approval for travel should be obtained from the Chairman for such partner sponsored events.

The Policy will be effective with immediate effect.

For NELCO LIMITED



P. J. NATH
Managing Director & CEO

Annexure – 1

Date:- _____

Dear Mr. / Ms. _____

Address:

My sincere thanks and appreciation for your good wishes and the gift accompanied with it

However, as I am committed to the Tata Code of Conduct, I am not in a position to accept the gift as per the Company's Gift Policy. Hence, I am returning the gift along with this letter.

Thanks again for your good wishes.

With warm regards,

CC: Chief Ethics Counsellor.

Annexure – 2

Declaration under the Gift Policy

Chief Ethics Counsellor,
NELCO Limited.

As required under Clause 9 of the Gift Policy, I declare the gift / gifts received by me the details of which are as under:

SN	Description of the Gift.	Gift received from.	Circumstances / purpose of gift (#)	Estimated Value of the Gift Rs.

I further declare that the gift / gifts received as stated above (Sr. No. _____) valuing more than Rs.2,500/- has / have been sent to Administration Department as per Clause 6*.

I further declare that the gift / gifts received as stated above (Sr. No. _____) valuing more than Rs.2,500/- has / have been returned to the donor as per Clause 5*.

Signature

Name of the employee	
Employee Number	

* Please delete if not applicable.

Circumstances / Purpose.

1	New Year or festive occasions.
2	Wedding of self or children.
3	Recognition of a professional contribution.
4	Terminal event such as a transfer or on secession.
5	Others – Please specify. This could include Special Commemorative occasions such as completion of years after an event, product launch, financial closure etc.