

# **CHANDNI MACHINES LIMITED**

## **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

## **1. PREAMBLE:**

This Code of Conduct ("Code") shall be called "The Code of Conduct for Directors and Senior Management" of Chandni Machines Limited (the "Company" or "CML"). The Code envisages that the Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is intended to maintain the high standards of transparency, business conduct ethics, corporate culture and the values. The Code is also to act as a deterrent from unethical doings and to promote ethical values and is the manifestation of the Company's commitment to successful operation of the Company's business in the best interest of the shareholders, creditors, employees and other business associates.

This code of conduct has been framed and adopted by the Company in Compliance with the provisions of Regulation of 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

This code may be modified by the Board from time to time to adopt the best practices and to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## **2. DEFINITIONS & INTERPRETATION:**

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- (i) The term "**Company**" shall mean Chandni Machines Limited.
- (ii) The term "**Board**" shall mean the Board of Directors of the company.
- (iii) The term "**Board Members**" shall mean the Members on the Board of Directors of the Company.
- (iv) The term "**Independent Director**" shall mean an Independent Director as defined in section 2(47) and Section 149(6) and Regulation 16(b) of the SEBI(LODR) with the Stock Exchanges where the shares of the Company are listed for trading, as revised from time to time.
- (v) The term "**Relative**" shall mean 'relative' as defined in Section 2 (77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014. (Refer Annexure-I).
- (vi) The term "**Senior Management Personnel**" shall mean personnel of the Company who are members of its core management team (excluding Directors) and who occupy the position of chiefs / heads/ group head of various functions in the Company (i.e. all members of management one level below the executive directors, including all functional heads).
- (vii) The term "**Conflict of Interest**" means where the interests or benefits of one person or entity interferes with the interests or benefits of the company.

In this Code, words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

### **3. APPLICABILITY:**

This code is applicable to the following persons:

1. All the Directors of the Company including Independent Directors unless specifically exempted from provisions of this code.
2. All Senior Management Personnel.

### **4. RELEVANT PARAMETERS:**

Board and the Senior Management of the Company are/ is expected to read and understand this Code, uphold these standards in their day-to-day business activities & ensure due and timely compliance thereof.

This Code is primarily designed to promote the following-

#### **(i) Honesty and Ethical Conduct**

It shall be the first and foremost duty of the Board and the Senior Management to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest, if any, between personal and professional relationships.

Directors shall fulfill the fiduciary obligations and act in the best interests of the Company, its stakeholders and for the protection of environment.

#### **(ii) Conflict of Interest**

Directors on the Board of the Company shall not engage in any business, relationship or activity which may be in conflict of interest of the Company.

A conflict of interest situation is deemed to have occurred/ taken place, where the interests or benefits of an individual or entity conflict with the interests or benefits of the Company. Under such situations, it is the foremost duty of the Board members as well as the Senior Management to report such conflict to its respective chain of command and to also ensure that the interest or benefits of the Company are upheld over that of its/ their own interest or benefits. The actions or inactions (as the case may be) of the Board and that of the members of the Senior management should always be in line with the best interests of the Company and the principles of fair and right governance.

#### **(iii) Compliance with Laws, Rules and Regulations**

Directors and Senior Management shall meticulously comply with all applicable laws, rules and regulations, in all areas and geographies where the Company operates, both in letter and spirit. Company cannot accept practices which are unlawful or may be damaging Company's reputation. In order to assist the Company in promoting lawful and ethical behavior, Directors and Senior Management must report any possible violation of law, rules, regulation or the Code to the Compliance officer. In the event, the implication of any law is not clear; the Compliance Officer shall be consulted for advice.

#### **(iv) Financial Reporting & Accounting Requirements**

It is important that all financial and accounting transactions are properly recorded, classified and summarized in Company's financial statements, books and records are kept & maintained in accordance with the

applicable laws, adequate policies, controls and procedures are established and practiced and the generally accepted accounting principles are fairly applied & followed. The Board & the Senior Management should ensure that these requirements are adequately complied with and that the necessary & adequate internal controls mechanisms are established by way of appointment of internal auditors, frequent periodical audits, follow up procedures etc, as may be appropriate keeping in view the nature and size of company's business operations.

**(v) Other Directorships**

Directors must report/disclose their directorships in other companies to the Board on an annual basis. If there is any change in directorships in other companies during the course of the year, Directors must promptly advise the same to the Board.

Senior Management must obtain the prior approval of the Chairman of the Board of Directors of the Company before accepting a directorship in any other company. Directors and Senior Management shall not accept the directorship of a direct competitor of the Company. Senior Management shall act as the director/adviser or hold any other capacity in any other company after making proper disclosure to the Compliance Officer.

**(vi) Confidentiality of Information**

Any information concerning the Company's business, its customers, suppliers, etc. which is not in the public domain and to which director has access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law. None of the directors shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized.

**(vii) Prevention of Insider Trading**

Directors and Senior Management Personnel should not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitutes insider information.

All the Directors and Senior Management personnel should comply with "Code of Conduct for Prevention of Insider Trading" circulated by the company and all the insider trading guidelines issued by the Securities Exchange Board of India.

**(viii) Protection of Assets**

The Directors and Senior Management Personnel of the Company shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

**(ix) Gifts and Donations**

Board and the Senior Management members are expected not to accept any gift, payment, promise for payment, or anything of material value from any of its customers, suppliers, service providers, distributors, channel partners, Individual Financial Advisors, vendors, consultants etc., which is perceived or is intended (directly or indirectly) to influence any business decision, any act or failure to act, any wrongful or unlawful act, or opportunity for the commission of any wrongful or unlawful act.

However, nominal gifts of commemorative nature, for special events may be accepted and reported to the Board.

(x) **Duties of Independent Directors on the Board as per section 149 (8) and Schedule IV of the Companies Act, 2013**

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 behavior, 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.

**5. ENFORCEMENT OF CODE OF CONDUCT:**

- a. Company Secretary shall be the Compliance Officer for the purpose of this Code.
- b. Each Board Member and Senior Management Personnel shall be accountable for fully complying with this Code.
- c. Compliance Officer shall report breach of this Code, if any, which comes to his notice to the Board of Directors of the Company.
- d. The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or as suspected violation of law or of this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation.

**6. VIOLATION OF CODE**

It shall be the duty of Directors and Senior Management Personnel to help the enforcement of the Code and any breach if communicated / noticed is to be reported to the Board. In case of breach of this Code by Directors and

Senior Management Personnel, the same shall be considered by the Board for initiating appropriate action including disciplinary action such as termination of employment, suspension and/ or penalty, as deemed necessary

**7. AMENDMENT TO THE CODE**

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management shall be duly informed of such amendments and modifications.

**8. AFFIRMATION OF CODE OF CONDUCT**

All Specified Persons shall affirm compliance with the code to the compliance officer of the Company within 15 days from the date of closure of the each financial year in the format specified from time to time.

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**ANNEXURE-I**

**EXTRACT OF SECTION 2 (77) OF THE COMPANIES ACT, 2013**

Definition of “**relative**”, with reference to any person, means anyone who is related to another, if

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or
3. one person is related to the other in such manner as may be prescribed\*;

**\*LIST OF RELATIVES AS PER RULE 4 OF THE COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS) RULES, 2014**

Father (Including step-father)

Mother (Including step-mother)

Son (Including step-son)

Son’s Wife

Daughter

Daughter’s Husband

Brother (Including step-brother)

Sister (Including step-sister)

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