

CHANDNI MACHINES LIMITED

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

1. PREFACE:

1.1 Section 177 of the Companies Act, 2013 and the Rules there under, prescribes that (a) every listed company , (b) the Companies which accepts deposits from the public and (c) the Companies which have borrowed money from banks and public financial institutions in excess of Rupees Fifty crores, shall establish a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy.

1.2 Further in terms of Regulation 22 of the Securities Exchange Board India (Listing of Obligations and Disclosure Requirements) Regulations, 2015, including any amendment thereto (herein referred to as Listing Regulations), the Company is required to formulate a Vigil mechanism for directors and employees to report genuine concerns. The Vigil mechanism shall provide for adequate safeguard against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the Chairman of the Audit committee in appropriate or exceptional cases.

1.3 Further, in terms of Regulation 9A (6) of Securities Exchange Board India (Prohibition of Insider Trading) Regulations, 2015, including any amendment thereto (herein referred to as Insider Trading Regulations), the Company is required to formulate a Whistle Blower Policy to enable employees to report instances of leak of Unpublished price sensitive information ("UPSI").

In view of the above, it has become necessary for Chandni Machines Limited ("**the company**") to establish a Whistle Blower mechanism and to formulate a Whistle Blower policy to operate such mechanism.

The Whistle Blower policy was formally approved by the Board of Directors at its meeting held on 20th November, 2018. The said policy is now being amended so as to bring it in line with the amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015. This amended policy has been recommended by the Audit Committee and approved by the Board of Directors of Chandni Machines Limited ("**the Company**") at its meeting held on March 1, 2019. This policy shall be effective from April 1, 2019.

2. POLICY OBJECTIVES:

We are committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct and/or who have witnessed or have knowledge of instances of leak of UPSI or have concerns about suspected leakage of UPSI to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management about unethical behavior, actual or suspected fraud or instances of actual or suspected leakage of UPSI. The mechanism provides for adequate safeguard against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee / managing Director of the Company in exceptional cases.

3. SCOPE:

This policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company and malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, instances of actual or suspected leakage of UPSI, violations of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees. The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

4. DEFINITIONS:

The definitions of some of the key terms used in the policy are given below.

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013.
- b. **“Board”** means the Board of Directors of the Company.
- c. **“Employee”** means every employee of the company including the Directors in the employment of the Company.
- d. **“Code”** means the code of conduct.
- e. **“Company”** means Chandni Machines Limited.

- f. **“Investigators”** means the person(s) authorized, appointed, consulted or approached by the Audit Committee and includes the Auditors of the company and police.
- g. **“Protected Disclosure”** means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. The protected disclosure should be factual and not speculative in nature.
- h. **“Subject”** means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- i. **“Unpublished Price Sensitive Information” or “UPSI”** means any information relating to a Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:-
 - (i) Financial results;
 - (ii) Dividends
 - (iii) Change in capital structure;
 - (iv) Mergers, de-merger, acquisitions, delisting, disposals and expansion of business and such other transaction; and
 - (v) Changes in key managerial personnel.
- j. **“Whistle & Ethics Officer”** means an officer appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.
- k. **“Whistle Blower”** means an employee making a Protected Disclosure under this policy.

5. ELIGIBILITY:

All Employees of the Company and various stakeholders of the company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES:

6.1 All protected disclosure should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a

clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or Hindi.

6.2 The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as **“Protected disclosure under the Whistle Blower policy”**. Alternatively, the same can also be sent through email with the subject **“Protected disclosure under the Whistle Blower policy”**. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the complainant, the Whistle and Ethics Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name / address on the envelope nor enter into any further correspondence with the Whistle & Ethics Officer. The Whistle & Ethics Officer shall assure that in case any further clarification is required he will get in touch with the complainant.

6.3 The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Whistle & Ethics Officer shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

6.4 All Protected Disclosure under this policy should be addressed to the Whistle & Ethics officer of the Company or to the Chairperson of the Audit Committee / Managing Director (MD) & Chairman of the Company in exceptional cases. The details of the Whistle & Ethics officer are as under:

Name & Address of Whistle & Ethics Officer:	Mr. Shailesh Sankav, Chandni Machines Limited 110, T. V. Industrial Estate, 52, S.K. Ahire Marg, Worli, Mumbai- 400030 Email: shaileshsankav@gmail.com
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Protected Disclosure against the Whistle & Ethics Officer should be addressed to the Managing Director of the Company and the Protected Disclosure against the Managing Director of the Company should be addressed to the Audit Committee.

Name & Address of the Chairman of Audit Committee:	Mr. Vasant Gaurishankar Joshi 16-B, Priyadarshini C.H.S. Shivaji Road, Kandivali (W), Mumbai- 400067 Email: vgjoshi1941@gmail.com
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Name & Address of the MD & Chairman of Company:	Mr. Jayesh Ramniklal Mehta 110, T. V. Industrial Estate, 52, S.K. Ahire Marg, Worli, Mumbai- 400030 Email: jrgroup@jrmehta.com
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On receipt of the protected disclosures the Whistle & Ethics Officer/ MD/ Audit Committee, as the case may be, shall make a record of the protected disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. The record will include:

- Brief facts;
- Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- Details of actions taken by Whistle & Ethics Officer / CEO for processing the complaint;
- Findings of the Audit Committee;
- The recommendations of the Audit Committee/ other action(s).

The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

7. INVESTIGATION:

All Protected Disclosures reported under this Policy will be thoroughly investigated by the Whistle and Ethics Officer of the Company who will investigate / oversee the investigations under the authorization of the Disciplinary committee. Disciplinary Committee / Whistle and Ethics Officer may at its discretion consider involving any investigators for the purpose of Investigation.

The decision to conduct an investigation taken into a Protected Disclosure by itself is not an acceptance of the accusation by the Authority and is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation.

The identity of a subject will be kept confidential to the extent possible keeping in mind the legitimate needs of the law and the investigation.

Unless there are compelling reasons not to do so, Subjects will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

Subjects shall have a duty to co-operate with the Whistle & Ethics officer / Audit Committee during investigation to the extent that such co-operation sought does not merely require them to admit guilt.

Subjects shall have a right to access any documents / information for their legitimate need to clarify / defend themselves in the investigation proceedings.

Subjects shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

Subjects have the right to be informed of the outcome of the investigation. If the allegations are not sustained, subjects shall be consulted as to whether public disclosure of the investigation result would be in the best interest of the Subject and the Company.

Whistle & Ethics officer shall normally complete the investigation within 45 days of the receipt of the Protected Disclosure.

In case allegations against the subject are substantiated by the Whistle & Ethics officer in his report, an opportunity shall be given to subject to explain his side.

8. PROTECTION:

No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy. The company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

A Whistle Blower may report any violation of the above clause to the Audit Committee, who shall investigate into the same and recommend suitable action to the management. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.

The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. The identity of the complainant will not be revealed unless he himself has made either his details public or disclosed his identity to any other office

or authority. In the event of the identity of the complainant being disclosed, the Audit Committee is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. The identity of the Whistle Blower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement agencies, in which case members of the organization are subject to subpoena.

Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

9. SECRECY / CONFIDENTIALITY

The complainant, Whistle & Ethics Officer, Members of Audit Committee, the subject and everybody involved in the process shall:

- Maintain confidentiality of all matters under this policy
- Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
- Not keep the papers unattended anywhere at any time
- Keep the electronic mails / files under password

10. DECISION

If an investigation leads the Whistle & Ethics Officer / Audit Committee to conclude that an improper or unethical act has been committed, the Whistle & Ethics Officer / Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

11. REPORTING:

The Investigator shall submit a report to the Audit Committee on a regular basis about all the Protected Disclosures referred to him/her /them since the last report together with the results of Investigation, if any.

12. ACCESS TO THE AUDIT COMMITTEE:

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

13. COMMUNICATION

A whistle Blower policy cannot be effective unless it is properly communicated to employees. Employees shall be informed through the Enterprise Intranet portal and the corporate web site of the Company.

14. RETENTION OF DOCUMENTS:

All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 8 (Eight) years or such other period as specified by any other law in force, whichever is more.

15. ADMINISTRATION AND REVIEW OF THE POLICY

The Audit Committee shall be responsible for the administration, interpretation, application and review of this policy.

16. AMENDMENT:

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.
