



# **SHARDA MOTOR INDUSTRIES LIMITED**

D-188, OKHLA INDUSTRIAL AREA,

PHASE – I, NEW DELHI – 110020, INDIA

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

### **PREAMBLE**

This Code of Conduct ("Code") shall be called "Code of Conduct for Board Members and Senior Management Personnel" of Sharda Motor Industries Limited (the "Company" or "SMIL").

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.

The principles embodied in this Code lay down broad standards of compliance and ethics, as required by the Listing Agreement with the Stock Exchange(s) where securities of the Company are listed.

This Code was initially adopted by the Board of Directors by a resolution dated 25<sup>th</sup> October, 2005 and has previously been amended vide Board resolution dated 26<sup>th</sup> May 2015. Current amended version was approved by the Board vide Board Resolution dated 3<sup>rd</sup> August, 2018.

## **APPLICABILITY**

This code shall be applicable to the Board members and Senior Management Personnel of the Company.

**“Senior Management”** means employee of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the CEO/MD/WTD, including functional heads and also include Chief Financial Officer and Company Secretary.

## **KEY REQUIREMENTS**

The Board Members and the Senior Management Personnel shall act within the authority conferred upon them, keeping in view the best interests of the Company and observe the following:

- a. Act with diligence and integrity. Act in utmost good faith.
- b. Not involve in taking any decision on a subject matter in which a conflict of interest arises, or which, in their opinion, is likely to arise.
- c. Not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed and permission obtained from the competent authority
- d. Not to allow any prejudice, bias, fear or favour cloud the independent judgement and to act in an intellectually honest manner while dealing with all matters to be placed before the Board of Directors.
- e. To work as a team, with constructive approach.

## **DUTIES OF INDEPENDENT DIRECTORS**

Independent Directors shall:

- a. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b. 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;
- c. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

- d. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. Strive to attend the general meetings of the company;
- f. 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;
- g. Keep themselves well informed about the company and the external environment in which it operates;
- h. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. 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;
- j. 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;
- k. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. Act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. 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.
- n. Comply with the Code for Independent Directors as laid down by the Companies Act, 2013.

An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

### **CONFLICT OF INTEREST**

All Board members and senior management personnel must avoid situations in which their personal interest could conflict with the interest of the Company. Any conflict or potential

conflict must be disclosed to the Board for guidance and appropriate action.

## **CONFIDENTIAL INFORMATION**

No Director and no senior management personnel of the Company shall disclose or use any confidential information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or is legally mandated.

## **LEGAL COMPLIANCE**

Ensuring legal and regulatory compliance is the responsibility of the Directors, along with senior management personnel of the Company. The Company cannot accept practices which are unlawful or may be damaging to its reputation. In case the implication of law is not clear, the course of action chosen must be supported by eminent legal counsel whose opinion should be documented.

## **HEALTH AND SAFETY**

The Company attaches great importance to a healthy environment and to the safety of its employees. The Company should ensure to improve the environment through continuous improvement and regular updates, in line with the Company's existing Environment Management System. Conditions should be such that there are no serious or fatal accidents. Good physical working conditions, high standards of hygiene and housekeeping are essential.

The Board expects all fatal accidents to be reported together with a detailed report signed with the Chief Executive of the business.

Particular attention should be paid to training of employees to increase safety awareness and adoption of safe working methods.

## **INSIDER TRADING**

Directors should observe all applicable laws and regulations, including the Company's policies as applicable to them with respect to purchase and sale of the Company's shares.

It is the responsibility of each director to become familiar with and understand these laws, regulations and policies and should seek further explanations and advice concerning their interpretation, if required.

Directors should direct questions regarding the application or interpretation of these guidelines to the Company Secretary.

## **AFFIRMATION OF COMPLIANCE OF THE CODE**

In terms of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel shall affirm, on annual basis, compliance with the Code in the Form “Annual Compliance Certificate” annexed to this Code as *Appendix-1* and send the same to the Compliance Officer of the Company.

## **ENFORCEMENT OF CODE**

Each Board Member and Senior Management Personnel is accountable for complying with this code.

## **NON COMPLIANCE**

Suspected violations of this code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations should be appropriately investigated.

## **AMENDMENTS 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 Personnel shall be duly informed of such.

# SHARDA MOTOR INDUSTRIES LIMITED

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

*[Pursuant to the Regulation 26(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]*

### ANNUAL COMPLIANCE REPORT\*

I, \_\_\_\_\_, do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the Company's CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL during the financial year ended March 31, \_\_\_\_\_

Signature :

Name :

Designation :

Date :

Place :

*\*To be submitted by 30<sup>th</sup> April each year*