

MILLTEC Machinery Limited

Code of Conduct for Directors and Senior Management

I. Introduction:

- a) This Code of Conduct ("this Code") shall be called "The Code of Conduct for Board Members and Senior Management" of MILLTEC Machinery Limited (hereinafter referred to as "Company" or "MILLTEC").
- b) This Code has been framed in compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015.
- c) This Code has been approved by the Board of Directors at its Meeting held on 14th June, 2018.

II. Purpose:

The purpose of this Code is to further enhance the ethical and transparent process followed in managing the affairs of the Company.

MILLTEC is committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This Code is intended to help foster a culture of transparency, honesty and accountability, to provide guidance and help in recognizing and dealing with ethical issues and provide mechanisms to report unethical conduct. The Board Members and Senior Management personnel are expected to comply with the letter and spirit of this Code.

Board Members play a central role in the governance of the Company. Their principal duty is to ensure that the Company is well managed in the interests of its shareholders and stakeholders. The Board of Directors is the decision-making authority on all matters, except those specifically reserved for shareholders. However, Board Members are not expected to assume an active role in the day-to-day management of the Company.

No code or policy can anticipate every situation that may arise, or replace the thoughtful behaviour of an ethical person. Board Members and Senior Management personnel are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the

Chairperson of the Nomination & Remuneration Committee or Company Secretary, as appropriate.

III. Definitions:

- "Board Members" shall mean members of the Board of Directors of the Company.
- "Relative" shall have the same meaning as given in Annexure – I to this Code and defined in Section 2 (77) of the Companies Act, 2013 read with The Companies (Specification of definitions details) Rules, 2014.
- "Senior Management" shall mean personnel of the Company who are members of core management including all members of management one level below the executive directors and all functional heads.

Or

Shall mean all employees with designation "General Manager" and above.

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

IV. Guidelines of professional conduct

The Board Members and Senior Management personnel shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising their duties;
- c. exercise their responsibilities in a bona fide manner in the interest of the Company;
- d. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- e. not allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f. not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

- g. refrain from any action that would lead to loss of their independence;
- h. where circumstances arise which make an independent Director lose his independence, the independent Director must immediately inform the Board accordingly;
- i. assist the Company in implementing the best corporate governance practices.

V. Duties

The Board Members 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 he is a chairperson or member;
- 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 himself 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.

VI. Financial Reporting and Records

The Company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the company's business transactions and disposition of assets. All required information shall be accessible to company auditors and other authorized parties including government agencies. There shall be no wilful omissions of any company transactions from the books and records, no advance income recognition, and no hidden bank account and funds.

Any wilful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

VII. Conflict of Interest

The Board Members and Senior Management personnel should endeavour to avoid situations that present a potential or actual conflict between their personal interest and the interest of the Company. In case there is likely to be a conflict of interest, he or she should make full disclosure of all facts and circumstances thereof to the Board of Directors or any Committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

A “conflict of interest” occurs when a person’s private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when the individual or the individual’s relative takes an action or has an interest that may make it difficult for that individual to perform his or her work objectively, impartially and effectively. Conflict of interest may also arise when the individual (or his or her relatives) receives improper personal benefits owing to the individual’s position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations where the rules are clear. No one, when acting for the Company, including a member of this board, may ever, directly or indirectly (such as through a relative):

- a. Accept any benefit, gift or entertainment that would be illegal or result in any violation of law;
- b. Accept any gift of cash or cash equivalent (such as gift certificates, loans, stock, stock options);
- c. Accept or request anything as a “quid pro quo,” or as part of an agreement to do anything in return for the benefit, gift or entertainment;
- d. Participate in any entertainment that is unsavory, sexually oriented, or otherwise violates our commitment to mutual respect; or
- e. Participate in any activity that you know would cause the person giving the benefit, gift or entertainment to violate his or her own employer’s standards.
- f. Have significant ownership interest in any supplier, customer, development partner or competitor of the Company,

The following are examples of situations which may constitute a conflict of interest:

- a. Competing with the Company for the purchase or sale of property, services or other interests.
- b. Having an interest in a transaction involving the Company, a customer or supplier (other than as a Director of the Company and not including routine investments in publicly traded companies).
- c. Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- d. Engaging in any conduct or activities that disrupt or impair the Company’s existing or potential commercial relationships.
- e. Accepting compensation, in any form, for services performed for the Company from any source other than the Company.
- f. Receiving benefits, gifts or entertainment from persons or entities who deal with the Company where a benefit, gift or entertainment is intended to influence the Director’s actions as a member of the Board or as Senior Management, or where acceptance could create the appearance of a conflict of interest.

Situations involving a conflict of interest may not always be obvious or easy to resolve. Conflicts of interests involving the Directors or Senior Management personnel, or questions concerning potential conflicts, shall be brought to the Chairperson of the Nomination and Remuneration Committee, who will consult with the Board of Directors or Company Secretary, as appropriate.

VIII. Corporate Opportunities

Board Members and Senior Management personnel owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. They are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position. No Board Member or Senior Management personnel may use corporate property, information or position for personal gain, and no Board Member or Senior Management personnel may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company, or any situation where the Board Member or Senior Management personnel takes away from the Company opportunities for sales or purchases of products, services or interests.

IX. Equal-opportunities employer:

The Company shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age and nationality.

Employees of the Company shall be treated with dignity and in accordance with the Company's policy of maintaining a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that ensures that in all matters equal opportunity is provided to those eligible and that decisions are based on merit.

X. Fair Dealing

Board Members and Senior Management personnel should endeavor to deal fairly with customers, consumers, suppliers, competitors, employees, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

No bribes, kickbacks or other corrupt payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action.

XI. Protection of Confidential Information

Board Members and Senior Management personnel should maintain the confidentiality of information entrusted to them by the Company, its customers, consumers or suppliers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, its customers, consumers or suppliers, if disclosed.

XII. Protection and Proper Use of Company Assets

Protecting Company assets against loss, theft or other misuse is the responsibility of everyone who acts for the Company, including Directors. Loss, theft and misuse of Company assets directly impact our profitability. All of the Company's assets should be used for legitimate business purposes.

XIII. Compliance with Laws and Regulations

In carrying out their duties and responsibilities, Board Members and Senior Management personnel should comply and endeavour to ensure that the management is causing the Company to comply with applicable laws, rules and regulations. In addition, if any Board Member or Senior Management personnel becomes aware of any information that he or she believes constitutes evidence of a material violation of any securities or other laws, rules or regulations applicable to the Company or the operation of its business, by the Company, any employee or another Director, then such Board Member or Senior Management personnel should immediately bring such information to the attention of the Board of Directors or the Audit Committee in accordance with the Whistle Blower Policy of the Company.

XIV. Encouraging the reporting of illegal or unethical behaviour

Board Members and Senior Management personnel should endeavour to ensure that Management is causing the Company to promote ethical behaviour and to encourage employees to report evidence of illegal or unethical behaviour to appropriate Company personnel. Directors and Senior Management personnel should endeavour to ensure that the Company will not allow retaliation against any employee who

makes a good faith report about a possible violation of the Company's Code of Conduct.

XV. Insider Trading

Board Members and Senior Management personnel shall not derive benefit from, or assist others to derive benefit by giving investment advice from, the access to and possession of information about the Company, which is not in public domain and therefore constitutes insider information. All Directors will comply with Code of Conduct for Prevention of Insider Trading in the Securities of MILLTEC and the SEBI guidelines thereon.

XVI. Sexual Harassment Policy

Board Members and Senior Management personnel shall comply with MILLTECS' Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and any modifications thereof from time to time in line with the amendments in the law.

Any Board Member or Senior Management personnel who believes or comes to know of any one's action which constitutes sexual harassment, will immediately report to the Board of Directors or any Committee / person designated by the Board in this regard.

XVII. Duties of Independent Directors:

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 behaviour, 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.

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

Any waiver of or amendments to the Company's policies or Codes may be made only by the Board of Directors of the Company and will be disclosed promptly as required by applicable laws and regulations and requirements under the SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015.

XVIII. Affirmation of Compliance with this Code:

Pursuant to Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management personnel are required to affirm compliance with the Code on an annual basis. A proforma of Annual Compliance Report is annexed to this Code as Annexure - II. The

Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.

XIX. Acknowledgement of receipt of this Code:

The Board Members and Senior Management personnel will acknowledge receipt of this Code in the Acknowledgement Form annexed to this Code as Annexure – III indicating that they have received, read and understood, and agreed to comply with the Code and send the same to the Compliance Officer. New Directors will sign the Form in Annexure II at the time of their appointment as Director of the Company.

Violation of this Code will lead to appropriate action.

Annexure -1

"Relative" with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed

List of Relatives under Rule 4 of The Companies (Specification of definitions details) Rules, 2014:

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- 1) Father includes step-father
- 2) Mother includes the step-mother
- 3) Son includes the step-son
- 4) Son's wife
- 5) Daughter
- 6) Daughter's husband
- 7) Brother includes the step-brother
- 8) Sister includes the step-sister

Annexure-II

The Board of Directors
MILLTEC Machinery Limited
No 51/A, 1st Phase
KIADB Industrial Area
Bommasandra
Bangalore – 560 099
Karnataka, India

Sub: Annual confirmation of compliance with the Code of Conduct for Board Members

I, _____, do hereby solemnly affirm, to the best of my knowledge and belief, that I have fully complied with the provisions of the MILLTEC Code of Conduct for Board Members, during the year ended 31st March, _____.

Signature : _____

Name : _____

Designation : _____

Date : _____

Place : _____

Annexure-III

The Board of Directors
MILLTEC Machinery Limited
No 51/A, 1st Phase
KIADB Industrial Area
Bommasandra
Bangalore – 560 099
Karnataka, India

Acknowledgement Form

I, _____, have received and read the MILLTEC Code of Conduct for Board Members. I have understood the standards and policies contained in the said Code and I agree to comply with the same.

Signature : _____

Name : _____

Designation : _____

Date : _____

Place : _____