

CMI LIMITED

_ CIN: L74899DL1967PLC018031

REGISTERED OFFICE:

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NEW DELHI-110001

CODE OF CONDUCT TO

REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

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(Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015)

On January 15, 2015, the Securities and Exchange Board of India (SEBI) has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“2015 Regulations”). SEBI has vide a notification dated December 31, 2018 has notified the SEBI (prohibition of Insider Trading) (Amendment) Regulations, 2018 (‘Amended Regulations’) which are effective from April 01, 2019.

Regulation 9(1) of the aforesaid Regulations casts a duty upon the Board of Directors of every listed company to formulate a code of conduct to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in the Schedule B to the Regulations.

Compliance Officer

The Company Secretary of the Company shall act as the Compliance Officer of the Company for the purposes of these Regulations and is responsible to comply with the provisions as contained herein. The Compliance officer under the overall supervision of the Board of Directors shall report to Shri Vijay Kumar Gupta, Whole-time Director (Marketing) of the Company.

Further, the Compliance officer shall also provide Reports to the Chairman of the Audit Committee of the Board of Directors, on an annual basis.

Who is an Insider?

Under the 2015 Regulations, an Insider means

- a) A Connected Person
- b) Any Person who is in possession of or is having access to Unpublished Price Sensitive Information

The definition of Connected Person is given under Regulation 2(d) of the 2015 Regulations pursuant to which a person is a connected person, if he has a connection with the Company that is expected to put him in possession of Unpublished Price Sensitive Information.

TERMS AND DEFINATIONS

Words and expressions used but not defined in this Fair Disclosure Code shall have the same meaning assigned to them in the SEBI PIT Regulations or the Securities and Exchange

Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 2018 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be including amendments(s)/ modifications) thereto.

Applicability

The Code applies to the following categories of persons including their 'immediate relatives'

- a) Promoters
- b) Directors
- c) KMPs (Key Managerial Persons as defined under the Companies Act, 2013)
- d) Designated Persons/ Employees

Designated Persons/ Employees Designated Persons/ Employees

- a) All employees in the cadre of General Manager and above
- b) All the Accounts and Finance Personnel of the Company at Head Office as well as the Finance/Commercial Heads of all the Units/ Branches
- c) Any other person as may be determined by the Compliance officer, based on their functional role in the organization, for the purpose of monitoring adherence to the Code for preservation of UPSI

Immediate Relative

Immediate relative means spouse of a person and includes parent, sibling and child of such person/ or the spouse, if any of them is either dependent financially on such person or consults such person in taking decisions relating to trading in securities. In addition to the above stated categories, all the connected persons in possession of or having access to Unpublished Price Sensitive Information shall also be covered under the Code and accordingly the Company may ask such persons or class of connected persons to make disclosures of their holdings and trading in securities of the Company.

Unpublished Price Sensitive Information (UPSI)

Any information, relating to the Company or its securities, that is not generally available would be Unpublished Price Sensitive Information if it is likely to materially affect the price of the securities upon coming into public domain.

Ordinarily, the types of matters that would give rise to Unpublished Price Sensitive Information are:

- a) Financial Results
- b) Dividends
- c) Change in Capital Structure
- d) Mergers, De-mergers, acquisitions, delistings, disposals and material expansion of business and such other transactions
- e) Changes in Key Managerial Personnel

The above is only an illustrative list and there might be other instances in relation to which certain unpublished information, upon becoming public, might materially affect the price of securities of the Company.

Preservation of Unpublished Price Sensitive Information

- a) All information shall be handled within the organization on a need-to-know basis.
- b) No Connected person or anyone who is in possession of or has access to unpublished price sensitive information relating to the Company shall communicate it to any other person except in furtherance of legitimate purposes, performance of his duties or discharge of his legal obligations.
- c) The Designated Employees and Connected persons shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not disclose or communicate or counsel or procure directly or indirectly the Unpublished Price Sensitive Information to any person (except in furtherance of legitimate purposes, performance of his duties or discharge of his legal obligations) until the same is made available to the general public.

Restriction on Trading while in Possession of UPSI

The Promoters, Directors, KMPs, Designated Employees, Connected persons and their immediate relatives, when in possession of UPSI shall not trade in securities of the Company either on their own behalf or on behalf of any other person.

However, trades pursuant to a "Trading Plan" set up in accordance with Regulation 5 of the 2015 Regulations may be permitted subject to the approval of Trading Plan by the Compliance Officer and public disclosure of it on the Stock Exchanges.

Notional Trading Window - Trading Period and Trading Limit

The Promoters, Directors, KMPs, Designated Persons and their immediate relatives shall not trade in securities when the (notional) trading window is closed. The trading window shall be closed when the Compliance Officer determines that these persons can reasonably be expected to have possession of UPSI.

The Trading Window shall be closed 7 days from the date of Board Meeting related with any item that may give rise to UPSI.

Trading window shall open 48 hours after the UPSI is made generally available.

When the Trading Window is open, there is no restriction for trading of securities.

Every promoter, member of the promoter group, designated person and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified

Beyond these stipulated thresholds, trading by these persons shall be subject to pre-clearance by Compliance Officer, if the value of proposed trades is above the aforesaid thresholds.

However, no person shall be entitled to apply for pre-clearance of any proposed trade if such person is in possession of UPSI even if trading window is open.

Procedure for pre-clearance

1. An Application may be made to the Compliance Officer or in case the applicant is Compliance Officer himself, to the Chairman in the prescribed format.
2. An Undertaking shall be executed by these Person(s) stating that: -
 - a) he/ she does not have access to or received UPSI upto the time of signing the undertaking
 - b) that in case he/ she has access to or receives UPSI after signing the undertaking but before execution of transaction, he/ she shall inform the Compliance Officer forthwith and refrain from trading in securities till the PSI becomes generally available
 - c) he/ she has not contravened the provisions of the Code on PIT.
 - d) he/ she has made full disclosure in the matter
3. The applicant may execute the order within one week i.e. 7 days of the permission, else fresh clearance will be required.

The Compliance Officer of the Company shall disclose the information regarding the closure and open of Trading Window to the concerns from time to time.

DISCLOSURES

INITIAL DISCLOSURES OF SHAREHOLDING TO THE COMPANY

1. Every Promoter, member of the promoter group, KMP and Director of the Company, shall, disclose his/ her holding of securities of the Company as on the date of these Regulations take effect i.e. as on 01st April, 2019, to the Company.

Timeline for disclosure – 30 days

2. Upon becoming a Promoter or appointment as a KMP or Director of the Company or upon becoming a promoter or member of the promoter group, such person, shall, disclose his/ her holding of securities of the Company as on the date of becoming a promoter or appointment as a KMP or Director, to the Company.

Timeline for disclosure – 7 days

CONTINUAL DISCLOSURES OF TRADING IN SHARES TO THE COMPANY

1. Every Promoter, member of the promoter group, designated person and Director of

the Company, shall, disclose the no. of securities acquired or disposed, if the value of securities traded, whether in one transaction or a series of transactions, over any calendar quarter, aggregates to a traded value exceeding Rs. 10 lakhs or such other value as may be specified.

Timeline for disclosure – 2 trading days.

2. Disclosure of incremental transactions further to the above, shall be made as and when the transaction is effected.

Timeline for disclosure – 2 trading days

NOTIFICATION OF CONTINUAL DISCLOSURES BY THE COMPANY TO STOCK EXCHANGES

The Company shall notify the Stock Exchanges on receipt of continual disclosure (as above) or becoming aware of such information.

Timeline for disclosure – 2 trading days

ANNUAL DISCLOSURE OF SHAREHOLDING

Every Promoter, member of the promoter group, designated person and Director of the Company, shall, disclose his/ her holding of securities of the Company as on date of every financial year ending 31st March, to the Company.

Timeline for disclosure – 30 days

For the purpose of all the above prescribed disclosures, whether initial, continual or annual, the disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account accordingly.

PENALTY FOR CONTRAVENTION

Every person, to whom the Code is applicable, shall be individually responsible for complying with the provisions of this Code (including to the extent the provisions hereof are applicable to his/ her immediate relatives).

Any person who violates the Code, shall, in addition to any other penal action that may be taken against him under any law, also be subject to disciplinary action, including wage freeze, suspension etc.

CODE OF CONDUCT

The Company shall adhere to the prescribed standards for code of conduct to regulate, monitor and report trading by insiders, designated 'persons arid all other applicable persons and entities.

APPROVED AND ADOPTED

This Code has been approved and adopted by the Board and shall come into effect from 1st April, 2019.