

VMS INDUSTRIES LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

[Pursuant to Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

VMS INDUSTRIES LIMITED

CIN: L74140GJ1991PLC016714

Registered Office:

808/C PINNACLE BUSINESS PARK,
CORPORATE ROAD, PRAHLADNAGAR,
Ahmedabad, Gujarat-380015, India

VMS INDUSTRIES LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

1. INTRODUCTION

- 1.1 This code shall be called “*The Code of Conduct for Board Members and Senior Management*” (the “**Code**”) of **VMS INDUSTRIES LIMITED** (hereinafter referred to as “**VMS**” or “**Company**”).
- 1.2 The purpose of the Code is to serve as a guide to the Director and Senior Management personnel of VMS on principle of integrity, transparency, business ethics and to set up standard for compliance of corporate governance.
- 1.3 The Code has been framed specially in compliance of the provisions of Regulation 17(5) of the Securities and Exchange Board of India (“**SEBI**”) (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**SEBI LODR Regulations**”). If due to subsequent modifications in the SEBI LODR Regulations or any other applicable law, a provision of this Policy or any part thereof becomes inconsistent with the SEBI LODR Regulations, the provisions of SEBI LODR Regulations as modified shall prevail.

2. DEFINITIONS AND INTERPRETATION

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

- a) “**Act**” shall mean the Companies Act, 2013 and the rules framed there under, as amended from time to time;
- b) “**Board / Board of Directors**” shall mean the Board of Directors of the Company;
- c) “**Board Members**” shall mean the Directors on the Board;
- d) “**Independent Directors**” shall mean a director referred to in Section 149 (6) of the Act,, Regulation 16(b) of SEBI Listing Regulations and other provisions of applicable law, as amended from time to time;
- e) “**Key Managerial Personnel**” shall mean key managerial personnel as defined in sub section (51) of the Section 2 of the Act;
- f) “**Part-time Directors**” shall mean Directors on the Board who are not in whole-time employment of the Company;
- g) “**Relative**” shall have the same meaning as defined in Section 2 (77) of the Act. read with the rule 4 of the Companies (Specification of Definition Details) Rules, 2014, as may be amended from time to time, as defined in Annexure-1;

- h) **“Senior Management Personnel”** shall mean officers and personnel of the Company who are members of its core management team, excluding Board and would comprise all members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board) and shall specially include Company Secretary and Chief Financial Officer and all those executives who are directly reporting to any of the functional director; and
- i) **“Whole-time Directors”** or **“Functional Directors”** shall mean the Directors on the Board who are in whole-time employment of the Company.

All other words and expressions used but not defined in this Code but defined in the SEBI Act, 1992, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, and/or the rules and regulations made there under shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Note: *In the Code words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.*

3. APPLICABILITY

This Code is applicable to the Board and Senior Management Personnel. The rules and principles set forth in this Code are general in nature and the compliance with this Code shall be ensured read with other applicable policies and procedures of the Company. The Board and the Senior Management Personnel may contact the Compliance Officer for the purposes of this Code for assistance in interpreting the requirements of this Policy. All Directors and Senior Management Personnel shall affirm compliance with the Code on an annual basis.

4. CONTENTS OF CODE

- Part A General standards of conduct
- Part B Code for Independent Directors
- Part C Function of the Board and good corporate governance practices.

The Code is intended to serve as a basis for ethical decision-making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the Code are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

PART A

5. GENERAL STANDARDS OF CONDUCT

a) The Company expects

- (i) Adherence to the highest standards of honest conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships.
- (ii) Full, true and fair – Accept it disclosures in the periodic reports required to be filed by the Company with government and regulatory agencies.
- (iii) Compliance with applicable laws, rules and regulations.
- (iv) To address misuse or misapplication of the Company’s assets and resources.
- (v) The highest level of confidentiality and fair dealing within and outside the Company.
- (vi) All Directors and Senior Management Personnel shall conduct their activities and fulfill their fiduciary obligations, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness and in the best interest of the Company. All Directors and Senior Management Personnel shall act on a fully informed basis, in good faith, responsibility, due diligence and care, competence and diligence, without allowing their independent judgment to be subordinated and in the best interest of the Company.
- (vii) All Directors and members of the Senior Management Personnel to exercise good judgment, to ensure the interests, safety and welfare of customers, employees, and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization.

b) “Conflict of Interest”

Conflict of interest occurs when personal interest of any member of the Board of Directors and of the Senior Management Personnel interferes or appears to interfere in any way with the interests of the Company. Every member of the Board of Directors and Senior Management Personnel has a responsibility to the Company, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the Company’s interest such as –

- (i) Employment / Outside Employment - The members of the Senior Management Personnel are expected to devote their total attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or otherwise is in conflict with or prejudicial to the Company.
- (ii) Business Interests - If any member of the Board of Directors and Senior Management Personnel

considers investing in securities issued by the Company's customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to the Company. Many factors including the size and nature of the investment; their ability to influence the Company's decisions, their access to confidential information of the Company, or of the other entity, and the nature of the relationship between the Company and the customer, supplier or competitor should be considered in determining whether a conflict exists. Additionally, they should disclose to the Company any interest that they have which may conflict with the business of the Company. Senior Management Personnel shall make disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

- (iii) Family members and close personal relationships- Directors and members of Senior Management Personnel shall not use personnel influence to make the Company do business with a company/institution in which his or her relatives are interested. As a general rule, directors and Senior Management Personnel shall avoid conducting Company's business with a relative or with an entity in which a relative is associated in any significant role. In case of conflicts, disclosure shall be made to the Board and a prior approval shall be obtained.
- (iv) Other directorships - The Directors must disclose their directorship and committee membership on the other companies and substantial shareholding in other companies to the Board on an ongoing basis.
- (v) Related Parties - In case of any dealings with related party the transaction shall be in compliances under Companies Act 2013, as amended and the SEBI Listing Regulation. Transactions/ dealing done on arm's length basis shall not be considered to be conflict of interest.

c) Compliance with applicable laws

The Directors of the Company and Senior Management Personnel must comply with applicable laws, regulations, rules and regulatory orders both in letter and spirit. The Directors and members of Senior Management Personnel shall seek to acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to perform their obligations diligently.

d) Use of Company's Assets and Resources

Each member of the Board of Directors and the Senior Management Personnel has a duty to the Company to disclose its legitimate interests while dealing with the Company's assets and resources.

Members of the Board of Directors and Senior Management Personnel are prohibited from:

- (i) using corporate property, information or position for personal gain;
- (ii) soliciting, demanding, accepting, or agreeing to accept anything of value from any person while dealing with the Company's assets and resources; and
- (iii) acting on behalf of the Company in any transaction in which they or any of their relative(s) have a significant direct or indirect interest.

e) Equal Opportunities

The Directors and Senior Management Personnel shall endeavor to provide equal opportunities to all employees and aspirants for employment in the Company irrespective of gender, caste, religion, race or colour, merit being the sole differentiating factor. The Directors and Senior Management Personnel shall prevent and redress sexual harassment at work place and institute good employment practices.

f) Insider trading

Director and members of the Senior Management Personnel shall not derive benefit or assist others to derive benefit by giving investment advice based on unpublished price sensitive information (defined in SEBI (Prohibition of Insider Trading) Regulations, 2015) about the company and therefore constituting insider information. All Directors and members of the Senior Management Personnel shall comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 and insider trading policy of the Company.

g) Competition and fair dealings

The Directors and members of Senior Management Personnel are obligated to deal fairly and honestly with each other, the Company's subsidiaries, joint ventures and associates and with the Company's customers, suppliers, competitors and other third parties. Directors and members of Senior Management Personnel shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Company is committed to free and open competition in the marketplace. Directors and members of Senior Management Personnel shall avoid actions that could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

h) Acceptance of gifts and payments

The Company requires that every Director and the member of Senior Management Personnel should be fully compliant with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.

Directors and the members of Senior Management Personnel shall not accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, suppliers, shareholders/ stakeholders, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud.

PART-B

6. CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote the confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

DUTIES OF THE DIRECTOR(S)

As per Section 166 of the Act, Director(s) shall:

- Subject to the provisions of the Act, act in accordance with the Articles of Association of the Company.
- Act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company, its employees, the shareholders, the community and for the protection of environment.
- Exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
- Not involve oneself in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- Not achieve or attempt to achieve any undue gain and or advantage either to himself/herself or to his/her relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
- Not assign his/her office and any assignment so made shall be void.

DUTIES OF INDEPENDENT DIRECTORS

As per Schedule IV of the Act, the Independent Directors shall:

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;
- Strive and attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- Strive to attend the general meetings of the Company;
- 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;
- Keep themselves well informed about the Company and the external environment in which it operates;
- Not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interest of a person who uses such mechanism are not prejudicially affected on account of such use;

- Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- Act within their authority, assist in protecting the legitimate interest of the Company, shareholders and its employees;
- 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.

Notwithstanding anything contained in the Companies Act, 2013, an independent director or a non-executive director (not being promoter or key managerial personnel), shall be held liable, only in respect of such acts of omission or commission by the Company which had occurred with his knowledge, attributable to him and with his consent or connivance or where he had not acted diligently. In addition to the above standards, the company expects that the Independent Directors of the Company abide by the guidelines, roles, functions, duties and other relevant provisions as applicable to the Independent Directors specified in Schedule IV of the Companies Act, 2013. Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner will promote the confidence of the investment community, particularly minority shareholders, regulators, and companies in the institution of Independent Directors.

PART-C

7. FUNCTIONS OF THE BOARD AND GOOD CORPORATE GOVERNANCE PRACTICES

Each member of the Board of Directors and Senior Management Personnel of the Company should adhere to the following so as to ensure compliance with good Corporate Governance practices.

a) Key Functions of the members of the Board:

Without limiting the generality of the duties stated in the Companies Act, 2013, the Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct for Prevention of Insider Trading framed there under and other applicable laws, the duties of a director are as under:

- (i) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (ii) Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- (iii) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (iv) Aligning key managerial personnel and remuneration of Directors with the longer term interests of the Company and its shareholders.
- (v) Ensuring a transparent nomination process to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- (vi) Monitoring and managing potential conflicts of interest of management, members of the Board and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (vii) Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (viii) Overseeing the process of disclosure and communications.
- (ix) Monitoring and reviewing Board's evaluation framework.

b) Do's

- (i) Attend Board meetings regularly and participate in the deliberations and discussions effectively.
- (ii) Study the Board papers thoroughly and enquire about follow up reports on definite time schedule.
- (iii) Involve actively in the matter of formulation of general policies.
- (iv) Be familiar with the broad objectives of the Company and the policies laid down by the government and the various laws and legislations.
- (v) Ensure confidentiality of the Company's agenda papers, notes and minutes.

c) Don't's

- (i) Do not reveal any information relating to any constituent of the Company to anyone.
- (ii) Do not display the logo / distinctive design of the Company on their personal visiting cards / letter heads.
- (iii) Do not sponsor any proposal relating to loans, investments, buildings or sites for Company's premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals etc.
- (iv) Do not do anything, which will interfere with and / or be subversive of maintenance of discipline, good conduct and integrity of the staff..
- (v) Do not buy or sell or suggest to anyone else buy or sell the securities of any company, either directly or through family members or other persons or entities, while you are aware of inside information about the company.
- (vi) No employee including Senior Management, key managerial personnel or Director of the Company shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.
- (vii) Do not take any personal opportunities directly or indirectly that belong to the Company or are discovered through the use of Company's property, information or position.

d) Enforcement of Code of Conduct

- (i) All Board Members and Senior Management Personnel shall be accountable for fully complying with the Code. Non-compliance with the provisions of this Code shall be reported to the Company Secretary, VMS INDUSTRIES LIMITED at the Registered Office of the Company at 808-C Pinnacle Business Park corporate Road, Prahladnagar, Ahmedabad-380015, India or through Email cs@vmsil.in
- (ii) The Company Secretary shall report the breach of the Code, if any, which comes to his / her notice to the Board. The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, of the Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation. Any failure of a Director / Senior Management Personnel to comply with the Code will result in referring his/ her actions/omissions to the Board of Directors. The Board will consider the reference and take such remedial action as deemed fit by it including removal of the person in question from the Board / Office..

8. REVIEW/ AMENDMENT

The Board may review and amend the Code, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under the Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and the Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

9. PLACEMENT OF THE CODE ON WEBSITE

The Code and any amendment thereto shall be hosted on the website of the Company.

10. ANNUAL COMPLIANCE REPORTING

- a) All Board Members shall affirm compliance of the Code within 30 days of close of every financial year. The Annual Report of the Company shall contain a declaration to this effect signed by the Chairman and Managing Director. A proforma of such declaration that forms part of Annual Compliance Report is at Annexure-2. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director/Senior Management Personnel leaves the Company any time during a financial year, he/she shall send a communication to Company Secretary affirming compliance of the Code till the date of his/her association with VMS.
- b) The Chairman and Managing Director of the Company and the Chief Finance Officer or any other person heading the finance function shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Code.

11. ENFORCEMENT OF CODE OF CONDUCT

Each Board Member shall be accountable for fully complying with the Code.

12. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members shall acknowledge receipt of the Code or any modification(s) thereto, in the acknowledgement form as at Annexure-3 and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with the Code.

NO RIGHTS CREATED

This Code is a statement of certain fundamental principles, ethics, values, policies, and procedures that govern the Directors and Senior Management Personnel of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

REPORTING

This Code is a statement of certain fundamental principles, ethics, values, policies, and procedures that govern the Directors and Senior Management Personnel of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

REVIEW OF CODE

The Code shall be reviewed at such intervals, as is deemed necessary by the Board. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of the Code until the Code is reviewed and approved next time.

ANNEXURE-1

DEFINITION OF RELATIVE

List of relatives as per Section 2 (77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definition Details) Rules, 2014

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

- (a) they are members of a Hindu undivided family; or
- (b) they are husband and wife; or
- (c) the one is related to the other in the manner as below:

LIST OF RELATIVES AS PER CLAUSE (77) OF SECTION 2 OF THE COMPANIES (SPECIFICATION OF DEFINITION 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 (including Step father) :
- 2. Mother (including Step Mother) :
- 3. Son(including Step Son) :
- 4. Son’s Wife :
- 5. Daughter :
- 6. Daughter ‘s Husband :
- 7. Brother (including Step –Brother) :
- 8. Sister (including Step-Sister) :

ANNEXURE-2

CODE OF CONDUCT FOR BOARD MEMBERS

ANNUAL COMPLIANCE REPORT

I, [●] working as / holding the position of [●] of the Company, do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the **CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY** during the financial year ending March 31, [●].

Signature : [●]

Name : [●]

Date : [●]

Place : [●]

ANNEXURE-3

**ACKNOWLEDGEMENT OF RECEIPT OF
CODE OF BUSINESS CONDUCT AND ETHICS FOR MEMBERS AND SENIOR
MANAGEMENT**

I have received and read the Code of Business Conduct and Ethics for Board Members and Senior Management of VMS INDUSTRIES LIMITED. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the VMS INDUSTRIES LIMITED or the legal and regulatory requirements applicable to my job, I know I can consult the Company Secretary of the Company knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following Affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

AFFIRMATION

(By Board Members/ Senior Management of the Company on Annual basis by 30th April of every year)

I _____, _____ (name), _____ (designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March _____.

Signature _____

Name _____

Designation _____

Employment Number _____

Telephone No. _____

Place: _____

Date: _____