

KLG CAPITAL SERVICES LIMITED

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

A) INTRODUCTION:

- 1)** This Code of Conduct (“**this Code**”) shall be called "**The Code of Conduct for Board members and senior management**" of **KLG Capital Services Limited** hereinafter referred to as "**the Company**".
- 2)** This Code is in alignment with Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- 3)** This Code of Conduct has been adopted by the Board of Directors of the Company for its Members and the senior executives’ one level below the Directors, including all functional heads (hereinafter referred to as "**Specified employee**").
- 4)** There are certain clauses of the Code, which are meant for Directors only such as attending meetings of the Board and Committee thereof. The Specified employees need to ignore such clauses.
- 5)** The principal duty of the Board of Directors, along with management, is to ensure that the Company is well managed in the interests of its shareholders. The Board of Directors plays the central role in the Company's governance. It is the Company's decision-making authority on all matters except those reserved to shareholders or delegated to the management. The Board of Directors is not expected to assume an active role in the day-to-day management of the Company.
- 6)** This Code shall come into force with immediately.

B) DEFINITIONS AND INTERPRETATION:

- 1.** In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- a. The term “**Board / Board of Directors**” shall mean the Board of Directors of the Company.
- b. The term “**Board Members**” shall mean the Members on the Board of Directors of the Company.
- c. The term “**Specified Employee**” shall mean executives / functional heads working one level below the Directors.
- d. The term “**Relative**” shall mean ‘**relative**’ as defined in Section 2(77) of Companies Act 2013 read with Rule 4 of Companies (Specification of definitions details) Rules, 2014 (**Refer Appendix-I**)
- e. In this Code words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

C) APPLICABILITY:

- 1. This Code shall be applicable to the following persons:
 - a. All Board Members.
 - b. All Specified Employees.

D) KEY REQUIREMENTS: Board Members shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- 1) Shall act with utmost care, skill, diligence and integrity.
- 2) Shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised.
- 3) Shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his opinion is likely to arise.
- 4) Shall make disclosures to the Board relating to all material financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the company at large.
- 5) Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in

which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law.

- 6) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.
 - 7) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members/ Company.
 - 8) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
 - 9) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
 - 10) Shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company.
 - 11) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders. **Provided** that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him.
 - 12) Shall not commit any offence involving moral turpitude.
- E) **COMPLIANCE WITH LAWS AND REGULATIONS:** In carrying out their duties and responsibilities, Board Members and Specified employees should comply, and endeavor to ensure that the management is causing the Company to comply, with applicable laws, rules and regulations. In addition, if any Board Member and Specified employee 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 Board Member and Specified employee, then such Board Member and Specified employee should bring such information to the attention of the Chairman of the Audit Committee.

- F) OTHER DIRECTORSHIPS:** Unless specifically permitted by the Board, the Board Members shall not serve as Director of any other Company or as Partner of a Firm that is engaged in a business competing with the Company or with which the Company has business relations. The Board Members shall not accept any appointment or post, whether advisory or administrative, in any company or firm, whether Indian or Foreign, having competitive nature of business (other than (i) Joint Venture Companies with management control vested in the Company and (ii) Subsidiary Companies of the Company or with which the Company has or had business relations, within two years from the date of cessation of Directorship/service of the Company unless approved by the Board of Directors.
- G) PREVENTION OF INSIDER TRADING:** The Board Members shall comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992 in dealing with securities of the Company and or any of Company's Parent / Subsidiary / Operating / Investment / Associate / Group Companies.
- H) ENCOURAGING THE REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR:** Board Members and Specified employees should endeavor to ensure that management is causing the Company to promote ethical behavior and to encourage employees to report evidence of illegal or unethical behavior to appropriate Company personnel. Board Member and Specified employees should endeavor 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.
- I) RELATED PARTY DISCLOSURES:** The Board Members and Specified employees shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (**Appendix II**) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or recodification thereof.
- J) CONFIDENTIALITY OF INFORMATION:** Any information concerning the Company's business, its customers, suppliers, etc. to which the Board Members / Specified employees have access or which are in their possession, must be considered confidential and held in confidence. No

Board Member / Specified employees shall provide any information either formally or informally, to the press or any other media, unless specifically authorized.

- K) PROTECTION OF ASSETS:** In carrying out their duties and responsibilities, Board Members / Specified employees should endeavor to ensure that management is causing the Company's assets, intellectual property rights, proprietary information and resources to be used by the Company and its employees only for legitimate business purposes of the Company and shall not use the same for personal gain.
- L) NO RIGHTS CREATED:** This Code set forth guidelines for conduct for the Board Members / Specified employees. It is not intended to nor does it create any right in favour of any Board Members / Specified employees, client, supplier, customer, shareholder, or any other person or entity.
- M) FAIR DEALING:** In carrying out their duties and responsibilities, Board Members / Specified employees should endeavor to deal fairly, and should promote fair dealing by the Company, its employees and agents, with customers, suppliers and employees. Board Members / Specified employees should not seek to take unfair advantage of the Company through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing.
- N) EMPLOYEES:** The Board Members / Specified employees should respect each and every employee of the Company, treat each of them in a fair and equitable manner; respect their privacy and not to share/disclose their personal information without their prior consent; maintain non-discriminatory approach and refrain from harassing employees, making sexual advancements, coercion, threat by virtue of his/her position with the Company.
- O) CUSTOMERS:** The Board Members / Specified employees should ensure to provide products and services, which meet the desired quality and safety standards and redress the Customer's grievance genuinely.
- P) SHAREHOLDERS:** The Board Members / Specified employees should ensure to protect shareholders interest by ensuring maintenance of accurate and complete records by avoiding false misleading or artificial entries in the Books of accounts.

- Q) 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.
- R) ANNUAL COMPLIANCE REPORTING:** All Board Members / Specified employees shall affirm compliance of this Code within 30 days of close of every financial year. A proforma of Annual Compliance Report is at Appendix- III. The Annual Compliance Report shall be forwarded to the Chairman of the Board of Directors. If any Board Member / Specified employee leaves the Company any time during a financial year, he shall send a communication to The Chairman of the Board of Directors affirming compliance of the Code till the date of his association with the Company. The Board Member (Finance) or Chief Financial Officer or any other person heading the finance function shall certify to the Board that there are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.
- S) ENFORCEMENT OF CODE OF CONDUCT:** Each Board Member / Specified employee shall be accountable for fully complying with this Code.
- T) WAIVER:** Any waiver of any provision of this Code for a Board Member / Specified employee must be placed for approval before the Board of Directors.
- U) CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE:** In case of breach of this Code by the Board Members / Specified employees, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.
- V) ACKNOWLEDGEMENT OF RECEIPT OF THE CODE:** All Board Members / Specified employees shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at **Appendix-IV** and forward the same to the Chairman of the Board of Directors of the Company indicating that they have received, read, understood and agreed to comply with this Code.
- W) CODE FOR INDEPENDENT DIRECTORS**

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

I. Guidelines of professional conduct:

- (1) Uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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;
- (6) Not abuse his 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;
- (7) Refrain from any action that would lead to loss of his independence;
- (8) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) Assist the company in implementing the best corporate governance practices.

II. Role and functions:

- (1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) Bring an objective view in the evaluation of the performance of board and management;
- (3) Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) Balance the conflicting interest of the stakeholders;

- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

- (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.

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

EXTRACT OF SECTION 2 (76) OF THE COMPANIES ACT, 2013:

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

Rule 4 of 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: Provided that the term “Father” includes step-father.
- (2) Mother: Provided that the term “Mother” includes the step-mother.
- (3) Son: Provided that the term “Son” includes the step-son.
- (4) Son’s wife.
- (5) Daughter.
- (6) Daughter’s husband.
- (7) Brother: Provided that the term “Brother” includes the step-brother;
- (8) Sister: Provided that the term “Sister” includes the step-sister.

APPENDIX - II

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FOR
BOARD MEMBERS
AND
SENIOR MANAGEMENT**

The Board Members shall disclose the following, in respect of all transactions with related parties, as covered in AS-18 issued by ICAI:

SR. NO	QUESTIONS	ANSWER
1	The name of the transacting related party	
2	A description of the relationship between the parties	
3	A description of the nature of transactions	
4	Volume of the transactions either as an amount or as an appropriate proportion	

Signature :
Name :
Designation :
Date :
Place :

Note:

The following are illustrative and not exhaustive list of examples of the related party transactions in respect of which disclosures should be made by Board Members:

- purchases or sales of goods (finished or unfinished);
- purchases or sales of fixed assets;
- rendering or receiving of services;
- agency arrangements;
- leasing or hire purchase arrangements;
- transfer of research and development;
- licence agreements;
- finance (including loans and equity contributions in cash or in kind);
- guarantees and collaterals; and
- management contracts including for deputation of employees.

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

ANNUAL COMPLIANCE REPORT*

I,(Name of the Director/ Specified Employee) 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 MEMBERS AND SENIOR MANAGEMENT during the financial year ending.....

Signature :

Name :

Designation :

Date :

Place :

* To be submitted by 30th April each year.

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

ACKNOWLEDGEMENT FORM

I, (Name of the Director/ Specified Employee) have received and read the Company's "CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT ("this Code"). I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Signature :
Name :
Designation :
Date :
Place :