

# **KSS LIMITED**

*Code of Business Conduct and Ethics for Directors, Key Managerial  
Personnel & Senior Management Personnel*

## **INTRODUCTION**

KSS Limited (hereinafter referred to as "the Company") is committed to good governance practice and for conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and ethical conduct.

This Code is intended to provide guidance to the Board of Directors, Key Managerial Personnel and Senior Management Personnel to manage the affairs of the company in an ethical manner and to develop a culture of honesty and accountability

## **APPLICABILITY**

This Code of Conduct for Directors (hereinafter referred to as "Code") is framed in accordance with Companies Act, 2013 and as per revised Clause 49 of the Listing Agreement applicable w.e.f. October 1, 2014.

This Code is applicable to the following:

- ✓ Directors, both Executive & Non-Executive Directors, including the Alternate Directors or Nominee Directors if appointed on the Board
- ✓ Key Managerial Personnel [KMPs] as appointed by the Board, from time to time; and
- ✓ Senior Management Personnel [SMPs] i.e. personnel of the Company who are members of its core management team excluding Board of Directors. Usually, this would comprise of all members of management one level below the executive Directors, including all functional heads.

## **DUTIES OF THE BOARD OF DIRECTORS/KMPs/SMPs**

- ✓ A Director/KMP/SMP of the Company shall act in accordance with the Articles of the Company, subject to the applicable provisions of the Companies Act, 2013
- ✓ A Director/KMP/SMP of the Company shall 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 interests of the Company, its employees, the shareholders, the community and for the protection of environment
- ✓ A Director/KMP/SMP of the Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- ✓ A Director/KMP/SMP of the Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- ✓ A Director/KMP/SMP of the Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director/KMP/SMP is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
- ✓ A Director/KMP/SMP of the Company shall not assign his office and any assignment so made shall be void.

- ✓ The Directors/KMPs/SMPs of the Company shall disclose the following information to the Board of Directors / Company:
  - Disclosure of any material interest, whether directly/indirectly or on behalf of third parties, in any transaction or matter directly affecting the Company.
- ✓ The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision making

## **KEY FUNCTIONS OF THE BOARD OF DIRECTORS**

In accordance with the revised Clause 49 of the Listing Agreement applicable w.e.f. October 01, 2014, the Board of Directors should fulfill certain key functions, including the following:

- ✓ 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.
- ✓ Monitoring the effectiveness of the company's governance practices and making changes as needed.
- ✓ Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- ✓ Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- ✓ Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- ✓ Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- ✓ 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.
- ✓ Overseeing the process of disclosure and communications.
- ✓ Monitoring and reviewing Board Evaluation framework.

## **OTHER RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

- ✓ The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- ✓ The Board should set a corporate culture and the values by which executives throughout a group will behave.

- ✓ Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- ✓ The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
- ✓ Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
- ✓ The Board should apply high ethical standards. It should take into account the interests of stakeholders.
- ✓ The Board should be able to exercise objective independent judgement on corporate affairs.
- ✓ Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- ✓ The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.
- ✓ The Board should have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- ✓ When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
- ✓ Board members should be able to commit themselves effectively to their responsibilities.
- ✓ In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.
- ✓ The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

#### **COMPLIANCE**

Directors/KMPs/SMPs are required to comply with all applicable laws, rules and regulations, and corporate policies, both in letter and in spirit.

## **HONESTY AND INTEGRITY**

All Directors/KMPs/SMPs shall conduct their activities on behalf of the company with honesty and integrity. All directors shall act responsibly and in good faith, and should use due care in the performance of their duties.

A director should seek to:

- Make reasonable efforts to attend board and committee meetings.
- Dedicate time and attention to the company.
- Seek to comply with all applicable laws, regulations, confidentiality obligations and corporate policies of the company.
- Director/KMP/SMP should refrain themselves from talking to any media, press, financial community or any other regulators, except where it is legally mandated to do so.

## **CONFLICT OF INTEREST**

Directors/KMPs/SMPs of the company shall not engage in any business, relationships or activity which may be in conflict of interest of the company or the group. If such related party transactions are unavoidable, it must be disclosed to the board or to the Chairman of the company.

## **DIRECTORSHIPS**

All Directors/KMPs/SMPs must report/discard their directorships in any other companies to the board on an annual basis.

## **CONFIDENTIALITY OF INFORMATION**

Directors/KMPs/SMPs should maintain the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the company or legally mandated or if such information is in the public domain.

No director shall provide any information either formally or informally to the press, or any other publicity media, unless specially authorized.

## **PROTECTION OF ASSETS**

Directors/KMPs/SMPs must protect the company's assets, labour and information, and may not use them for personal purposes unless approved by the board. The company's assets must only be used for legitimate purposes.

## **INSIDER TRADING**

Any Directors/KMPs/SMPs of the company shall not derive any benefit or assist others to derive benefit by giving investment advice from their access to and possession of information about the company which is not in the public domain; and which therefore constitutes insider information. All Directors/KMPs/SMPs will comply with the insider trading guidelines as issued by SEBI.

## **GIFTS AND DONATIONS**

No Directors/KMPs/SMPs of the company shall receive or offer – directly or indirectly – any gifts, donations, remuneration, hospitality, illegal payments and comparable benefits which are intended (or perceived to be intended) to obtain business or other favours or decisions for the conduct of business. Nominal gifts of a commemorative nature for special events may be accepted and reported to the board.

## **CORPORATE BUSINESS OPPORTUNITY**

In carrying out their duties and responsibilities, directors should avoid appropriating corporate business opportunities for themselves that are discovered through the use of company property or information gained from their position as directors.

## **FAIR DEALING**

Each Directors/KMPs/SMPs should deal fairly with customers, suppliers, competitors, and employees of the group of companies.

## **INTERPRETATION OF CODE**

Any question or interpretation under this code of ethics and business conduct will be handled by the board, or any person or committee authorized by the board of the company.

## **NON-COMPLIANCE**

Suspected violations of the code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations should be appropriately investigated. Any waiver of this Code must be approved by the Board of Directors, and publicly disclosed if required by any applicable law or regulation.

## **PERIODIC REVIEW**

Once every year, or upon revision of the code, every Directors/KMPs/SMPs must acknowledge and execute an understanding of the code and an agreement to comply. New directors will sign such a deed at the time when their directorships begin.

## **ANNUAL COMPLIANCE REPORTING**

In terms of Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel shall affirm compliance of this Code within 60 days of close of every financial year. Compliance Report shall be forwarded to the Company Secretary, in such form and manner as may be prescribed from time to time.