

KDDL LIMITED

CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT

(Amended by the Board of Directors on 14-02-2017)

INTRODUCTION

Securities Exchange Board of India (SEBI) vide its circular no. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October, 2004 has revised Clause 49 of the Listing Agreement. The purpose is to improve standard of Corporate Governance in India in line with the needs of dynamic market conditions. As per new Clause 49(ID) of the Listing Agreement, the Board of Directors shall lay down the Code of Conduct for all Board Members and Senior Management of the Company. To comply with the above provisions, the Board of KDDL Limited has therefore considered and laid down the “Code of Conduct for Board of Directors and Senior Management Personnel” (hereinafter referred to as “Code”).

APPLICABILITY

The Board of Directors of KDDL Limited has adopted Code of Conduct to be followed by all the Board members and Senior Management Personnel of KDDL Limited and its subsidiaries.

OBJECTIVE

The company places uncompromising emphasis on business integrity, ethical conduct and adherence to regulatory compliances.

This code of conduct should ensure compliance not only with all legal requirements, but also with the company’s standards on business conduct. All directors and Senior Management (i.e. one level below the executive directors including the functional heads) of the company must act within the authority conferred upon them and with a duty to take informed decisions in the best interests of the Company and its shareholders/stakeholders.

DEFINITIONS AND INTERPRETATION

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

- 1.1 The term “Board / Board of Directors” shall mean the Board of Directors of the Company.
- 1.2 The term “Board Members” shall mean the Members on the Board of Directors of the Company.
- 1.3 The term “Whole-time Director” shall mean the Board Members who are in whole-time employment of the Company.

- 1.4 The term “Non-Whole-time Director” shall mean the Board Members who are not in whole time employment of the Company.
- 1.5 The term “Relative” shall mean ‘relative’ as defined in Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956.
- 1.6 The term “Conflict of Interest” means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.
- 1.7 The term “Senior Management” means personnel of the Company who are members of its core management team excluding the Board of Directors. Normally this would comprise all the members of management one level below the Executive Director including all functional head.
- 1.8 The term “Company” means KDDL Limited having its Registered Office at Plot 3, Sector III, Parwanoo (H.P.) and Corporate Office at S.C.O. 88-89, Sector 8-C, Madhya Marg, Chandigarh.
- 1.9 The term “Compliance Officer” means Company Secretary of the Company.

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

PRINCIPLES GOVERNING THE CONDUCT OF DIRECTORS & SENIOR MANAGEMENT

1. Honesty and Integrity

- a) All Directors and Senior Management Personnel shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. 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 and the shareholders.
- b) All Directors and Senior Management Personnel shall discharge their duties in the best interests of the Company and fulfill their fiduciary obligations.
- c) Directors and Senior Management Personnel shall not engage in activities that are dishonest or lacking in integrity such as, inter alia, the following:
 - (i) Issuing untrue, misleading, deceptive or fraudulent statements regarding the Company’s products and services;
 - (ii) Stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent or inducing such disclosures by employees of other companies;
 - (iii) Adoption of illegal means for increasing profit/ market share;
 - (iv) Indulging in bribery; and
 - (v) Unfair inducement to any Government official.

- d) Directors and Senior Management Personnel should be able to commit themselves effectively to their responsibilities

2. Compliance with laws

The Company's Directors & SM must comply with all the applicable government laws, rules and regulations of the countries in which Company operates. Company's Directors & SM must acquire appropriate knowledge of legal requirements relating to their duties. Violation of applicable government laws, rules and regulations may lead to individual criminal or civil liability, as well as to disciplinary action by the Company.

No Director & SM shall commit or condone an illegal act or instruct another employee etc. to do so. No Director & SM shall create or condone the creation of a false record and shall not destroy or condone the destruction of a record, except in accordance with guidelines laid down in this regard.

The Independent Directors shall be required to comply with Schedule IV of The Companies Act, 2013 including their duties laid therein as under:-

- (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 behavior, 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.

3. Conflict of Interest

A Director & Senior Management Personnel must avoid and disclose actual and apparent conflicts of interest to the Company. A conflict of interest exists where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

Directors & Senior Management Personnel will perform their duties conscientiously. Every Director & Senior Management Personnel must avoid a situation in which there is an actual or apparent conflict of interest that could interfere or could be perceived to interfere with the Director & Senior Management Personnel's judgment in making decisions in the Company's best interests.

Every Director & Senior Management Personnel shall disclose to the Board of Directors all events/transactions where there might be a possibility of actual or potential conflict of interests.

The Directors and Senior Management Personnel shall not engage in any business, relationship or activity which may be in conflict of interest of the company or the group. Following are some of the common circumstances that may lead to a conflict of interest, actual or potential:-

- a) The Directors and members of Senior Management Personnel should not engage in any activity/employment that interferes with the performance or responsibility to the Company or otherwise in conflict with or prejudicial to the Company.
- b) Investments by Directors and their immediate families may create conflicts of interest. Directors and their immediate families should avoid investment transactions in which their own interests conflict or might appear to conflict with KDDL's interests. Whether an actual conflict of interest exists is to be determined by the relationship between the Company in which the investment has been made and the level of influence held by the Director or member of the director's immediate family in that company.
- c) The Directors and members of Senior Management Personnel should avoid conducting company business with a relative or with a firm/ company in which a relative/ related party is associated in any significant role. If such related party transaction is unavoidable, it must be fully disclosed to the Chairman or the Managing Director of the Company.
- d) "The Directors and members of Senior Management Personnel should disclose their intent of taking up role of any advisor, consultant, business partner, associate, or member of any customer, supplier, joint venture partner, developer or competitor or any other business associate of the Company with or without consideration. If any Director or Senior Management Personnel is already engaged in a similar arrangement, it should be disclosed in writing to the Board of Directors and Audit committee of the company. Such disclosure shall also be given at the beginning of every financial year and for all new engagements, assignments, prior approval to be obtained from the Company's audit committee."

4. Confidential information

Directors & Senior Management Personnel should at all times maintain the confidentiality of all information and all records of the Company and must not make use of or reveal such information or records except when disclosure is authorized or legally mandated.

Similarly, Directors & Senior Management Personnel should not use the confidential information obtained through their association or employment with the Company to further their private interests or of their relatives. For the purpose of this Code, "Confidential Information" includes all non-published information relating to the Company, its business, joint venture partners, intellectual property, outside agencies or employees.

Directors & Senior Management Personnel using the computer data base or electronic mail system will be expected to comply with any internal policies and procedures that guide the storage, use and transmission of information through this medium.

5. Entertainment, Gifts and Benefits

Gifts, entertainment and benefits may only be accepted or offered by a Director & Senior Management Personnel in the normal exchanges of pleasantries common to business relationships.

Directors & Senior Management Personnel should not accept entertainment or gifts (gifts or entertainment in this clause includes cash, preferred loans, securities or secret commissions) which grant or appear to grant preferential treatment to a potential or actual contractor/customer or the Company. A business relationship with the Company will be conditional on compliance with this Code.

Similarly, Directors & Senior Management Personnel must not offer entertainment, gifts or benefits in order to secure preferential treatment for the Company.

6. Insider Trading

- a) Directors and Senior Management Personnel should not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitutes insider information.
- b) All Directors and Senior Management Personnel should comply with 'Code of Conduct for Prevention of Insider Trading in Shares of the Company' circulated by the Company and all insider-trading guidelines issued by the Securities

7. Related Parties

As a general rule, the Board members & SM shall avoid conducting any business in any significant way with a relative (as defined in the Companies Act, 2013 or with any business entity in which a close relative is associated, without intimation to the Board of Directors.

8. Interaction with media, financial community, employees and shareholders

- a) In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented only by specifically authorized Directors and/or employees, which the Board may authorize. The list of such authorized Directors and employees of the Company shall be notified to the Directors / Senior Management Personnel from time to time.
- b) All statements made to the media on behalf of the Company should be true and fair.

9. Other Directorships Disclosures

The Directors should promptly disclose to the company their appointment/ cessation from directorship of other companies in prescribed manner as per The Companies Act, 2013 and SEBI(LODR) Regulations, 2015.

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.

ENFORCEMENT AND DISCIPLINARY ACTIONS

The rules contained in this Code are of utmost importance to the company, its stakeholders and its business partners. Therefore, all directors and members of the Senior Management should adhere to these rules. The company will take appropriate disciplinary action on deliberate failure to comply with these rules in a way that is fair, transparent and effective manner.

ANNUAL COMPLIANCE REPORTING

In terms of regulation 26(3) of SEBI(LODR) Regulations, 2015, all Board Members & SM shall affirm compliance of this 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 or Chief Executive Officer. A proforma of Annual Compliance Report is at Appendix- I. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director or Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication to Compliance Officer affirming compliance of the Code till the date of his association with KDDL Limited.

The Chairman or Chief Executive Officer of the Company 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.

ENFORCEMENT OF CODE OF CONDUCT

Each Board Member & SM shall be accountable for fully complying with this Code.

CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code by either the Whole-time Director or the Non Whole-time Director & SM, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

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

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ANNUAL COMPLIANCE REPORT*

Ido 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 & SENIOR MANAGEMENT during the financial year ending 31st March 201__.

Signature:.....

Name:.....

Designation:.....

Date:.....

Place:.....

* To be submitted by 30th April each year.

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ACKNOWLEDGEMENT FORM

I, have received and read the Company's "CODE OF CONDUCT FOR BOARD OF DIRECTORS & 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 :