

## CODE OF CONDUCT FOR INDEPENDENT DIRECTORS OF KISAN MOULDINGS LIMITED

### ➤ APPLICABILITY OF THE CODE:

This Code of Conduct (Code) applies to the Independent Directors of the Company. Independent Director shall be the director as defined as per section 149 (6) of the Companies Act, 2013 ('the Act') and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('SEBI Listing Regulations') (Including any Statutory Modification or Re-enactment thereof for the time being in force).

### ➤ PURPOSE:

The purpose of this policy is to lay a foundation for guidance to professional conduct for independent directors. Adherence to the Code in a professional and faithful manner shall promote confidence in the stakeholders and regulators.

### ➤ GUIDELINES FOR CONDUCT:

An independent director shall:

- ✓ uphold ethical standards of integrity and probity;
- ✓ Act objectively and constructively while exercising its duties. He should be loyal to the Company and act with integrity and in good faith and exercise his responsibilities in a bona fide manner in the interest of the company.
- ✓ refrain from any action that would lead to loss of his independence and assist the company in implementing the best corporate governance practices.
- ✓ devote sufficient time, energy and attention to the Company to ensure diligent performance of his duties for informed and balanced decision-making.
- ✓ 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;

- ✓ 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;
- ✓ refrain from any action that would lead to loss of his independence;
- ✓ where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- ✓ assist the company in implementing the best corporate governance practices.

## ➤ ROLE AND FUNCTIONS OF INDEPENDENT DIRECTOR:

The Independent Directors has the responsibility:

- ✓ To be Impartial and objective in its judgment and provide specialized skills and strategic advice to the Company.
- ✓ To 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.
- ✓ bring an objective view in the evaluation of the performance of board and management;
- ✓ scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- ✓ To 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.
- ✓ To satisfy themselves about the integrity of financial information and the systems of risk management are robust and defensible;
- ✓ safeguard the interest of all stakeholders, particularly the minority shareholders;
- ✓ balance the conflicting interest of the stakeholders;
- ✓ moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;
- ✓ To oversee the functioning of senior management, uphold the high standard of integrity and probity in the interest of the Company.



## ➤ DUTIES OF INDEPENDENT DIRECTOR:

The Independent Director shall:

- ✓ Strive to attend all the meetings of the Board and its Committee of which he is a member.  
Also strive to attend the general meetings of the Company.
- ✓ Contribute to Board matters in a varied and informed manner and to act as a constructive critic in looking at the objectives and plans of the executive management.
- ✓ Keep themselves well informed about the Company and the external environment in which it operates.
- ✓ 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, and assist in protecting the legitimate interests of the Company, shareholders and its employees.
- ✓ Submit a self declaration that they have satisfied the laid criteria.
- ✓ 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;
- ✓ 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 is required by law.
- ✓ 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;
- ✓ 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;
- ✓ not to 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;

➤ **LIABILITIES:**

The Independent Directors can be convicted of the offences committed with their knowledge, attributable through Board processes and with his consent or connivance or where he had not acted diligently.

➤ **MANNER OF APPOINTMENT, RE-APPOINTMENT, RESIGNATION OR REMOVAL:**

**MANNER OF APPOINTMENT:**

- ✓ The appointment process of Independent Directors shall be independent of Company's management, while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively..
- ✓ The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders and the explanatory statement attached to the notice calling for general meeting shall state that the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules and schedule made thereunder and that the proposed director is independent of the management.
- ✓ The appointment of independent directors shall be formalised through a letter of appointment, which shall set out the terms and conditions of appointment.
- ✓ The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- ✓ The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

## **MANNER OF RE-APPOINTMENT:**

- ✓ Re-appointment shall be on the performance evaluation, which shall be done by entire Board of Directors excluding the director to be evaluated on the basis of report of performance evaluation.

## **MANNER OF RESIGNATION OR REMOVAL:**

- ✓ An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of three months from the date of resignation or removal or within such other time limit as may be prescribed, from time to time, as the case may be.
- ✓ The resignation or removal of independent director shall be in the same manner as specified in Section 168 & 169 of the Act.

## ➤ **REMUNERATION:**

- ✓ The Act expressly disallows the independent directors from obtaining stock options and remuneration other than sitting fees and reimbursement of travelling expenses for attending meets.
- ✓ Profit related commission may be paid to them subject to the approval of shareholders.

## ➤ **LIMITATIONS:**

An Independent Director shall:

- ✓ not serve as an independent director in more than 7 listed Companies.
- ✓ Any person serving as a whole time director in any Listed Company shall serve as an Independent Director in not more than 3 Listed Companies.



➤ **TENURE:**

An independent director shall hold office for a term up to 5 consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to 5 years on passing of a special resolution by the Company.

➤ **SEPERATE MEETINGS:**

- ✓ The independent directors shall hold at least one meeting of only the independent directors.
- ✓ The agenda for the meeting shall include:
  - (a) Reviewing of performance of non-independent directors and the Board as whole.
  - (b) Reviewing the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
  - (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

➤ **COMMITTEES:**

- ✓ As per the Companies Act, 2013 and the SEBI Listing Regulations, 2015, Independent director shall be member of following Committees –
- ✓ Corporate Social Responsibility Committee, if applicable – atleast one shall be independent director
- ✓ Nomination and Remuneration Committee - not less than one half should be independent director
- ✓ Audit Committee – minimum 3 director with independent directors forming majority
- ✓ Stakeholders Relationship Committee - minimum 3 directors with at least one independent director as member (As per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 with effect from 01<sup>st</sup> April, 2018)

➤ **CONCLUSION:**

The act empowers the independent directors with proper checks and balances, so that such extensive power is not exercised solely by non-independent directors. This step is in the right direction and ensures rational accountable practices are adopted by Company.

\*\*\*\*\*