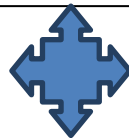




Code of Conduct for Board Members and Senior Management Personnel



KLJ RESOURCES LIMITED

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INTRODUCTION

KLJ Resources Limited (the “**Company**”), in its constant endeavour to improve and maintain the highest standards of Corporate Governance has framed its Code of Conduct for Directors and Senior Management to comply with the provisions of Companies Act, 2013 (“The Act”) and SEBI Regulations and any amendments thereof.

This Code of Ethics and Code of Conduct shall be called "The Code of Conduct for Board Members and Senior Management Personnel" (the “Code”) of the Company. It reflects the Company’s underlying ethical values and commitment to lay standards of integrity, transparency, fairness, accountability and pursuit for excellence.

OBJECTIVE

The Objective of this Code is to demonstrate the ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Management by the stakeholders and business partners. Directors and Senior Management are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

DEFINITIONS

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

"Board Members" shall mean the members on the Board of Directors of the Company.

“Executive Directors” shall mean the Board members who are in Whole-time employment of the Company and include Managing Director of the Company.

“Non-Executive Directors” shall mean the Board members who are not Executive Director(s) and include Independent Directors of the Company.

“Relative” shall mean a ‘relative’ as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

“Senior Management Personnel” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the 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 of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

“**SEBI Regulations**” shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereof.

APPLICABILITY

This Code shall be applicable to the following persons:

- (i) All Directors; and
- (ii) Senior Management Personnel

KEY REQUIREMENTS

The Directors and Senior Management shall act within the authority conferred upon them in the best interests of the Company and will:

- Act in the best interest of and fulfill their fiduciary obligations to the Company and its shareholders.
- Act honestly, fairly, ethically and with integrity.
- Conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position.
- Act in good faith, responsibly, with due care, competence and diligence without allowing their independent judgment to be subordinated.
- Use their prudent judgment to avoid all situations, decisions or relationships which give or could give rise to conflict of interest or appear to conflict with their responsibilities within the Company.
- Not exploit for his/her own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the Company declines to pursue such opportunity for its business interest(s).
- Avoid conducting business on behalf of the Company with Related Party (ies) except as permitted by applicable law(s) to the Company.



- Disclose and avoid having any personal and/or financial interest in any business dealings concerning the Company.
- Avoid any dealings with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company.
- Not hold any positions or jobs or engage in outside businesses or other interests that are prejudicial to the interests of the Company; and
- Inform the Board, at the earliest opportunity, any existing or potential conflict of interest situation.
- Dedicate sufficient time, energy and attention to the Company to ensure diligent performance of his/her duties, including preparing for meetings and decision making by reviewing in advance any materials distributed and making reasonable inquiries.

It is clarified that it would not be a conflict of interest for the Director & Senior Management of the Company or members of their immediate family to have dealings in normal course with and to obtain services from persons or entities who also deal/provide services to the Company, including legal, accounting or brokerage services, loans & services from banks or insurance from insurance companies etc., at rates customary for similarly situated customers.

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 competing business with the Company. Senior Management Personnel shall obtain prior approval of the Managing Director for accepting Directorship of any other company or partnership of a firm.

MAXIMUM NUMBER OF DIRECTORSHIPS IN LISTED ENTITIES

The Board Members of the Company shall comply with the following Conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time-

- (i) A person shall not be a director in more than seven listed entities.



Provided that a person shall not serve as an independent director in more than seven listed entities.

- (ii) Notwithstanding the above, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.

Explanation- For the purpose of this clause, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.

BOARD STRUCTURE

- **Board Size**

- (i) The size of the Board shall be as per the Memorandum and Articles of Association of the Company read with Act and SEBI Regulations and such other laws/ regulations in force for the time being, to the extent applicable to the Company. The Board should have an optimum number of executive and non-executive directors with at least one woman director and not less than 50% of the Board shall comprise of non-executive directors.
- (ii) where the chairperson of the Board is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the Company does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

Provided that where the regular non-executive chairperson is a promoter of the Company or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

Explanation.- For the purpose of this clause, the expression “related to any promoter” shall have the following meaning:

- (i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
- (ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.



- **Meeting Attendance**

The Board shall meet at least four times a year and Board members are expected to attend all Board meetings. Each Board member should attend at least one Board meeting in a year. The Company shall make arrangements to enable Directors' participation physically or virtually, through Video conferencing and any other audio-visual means.

- **Quorum of Meetings**

The quorum for every Board meeting shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.

GIFTS AND DONATIONS

The Directors and the Senior Management of the Company and their immediate families shall neither receive nor offer or make, directly or indirectly, any gifts, donations or comparable benefits which are intended to or perceived to obtain undue favours in the transactions detrimental to the interest of the Company, except for nominal value, which are customarily given and are of commemorative nature for special events and should never be of a kind that could create an appearance of impropriety.

PUBLIC REPRESENTATION

The Company honours the information requirements of the public and its stakeholders. 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 or the Group shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representatives to disclose Company related information.

CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, etc. to which the Directors and Senior Management have access or which is possessed by the Directors and Senior Management, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) specifically authorized; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.



REGULATORY COMPLIANCES

Every Director and Senior Management shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

HEALTH, SAFETY AND ENVIRONMENT

The Directors and Senior Management shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

PROTECTION OF ASSETS

The Directors and Senior Management of the Company shall employ the assets of the Company for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

ENFORCEMENT OF CODE OF CONDUCT

All Directors and/or Senior Management shall be accountable for fully complying with this Code.

ADDITIONAL REQUIREMENT FOR INDEPENDENT DIRECTORS

In addition to the compliance of this Code, Independent Directors are also required to adhere to the Code of Conduct (in line with Schedule-IV of the Companies Act, 2013) meant for Independent Directors of the Company (Annexure-I).

CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code by the Directors, the same shall be dealt with by the Board of Directors for initiating appropriate action, as deemed necessary. In case of breach of this Code by the Senior Management, the same shall be dealt with by Managing Director.

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 in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management shall be duly informed of such amendments and modifications.



ANNEXURE- I

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 confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (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:

The independent directors shall:

- (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) scrutinise 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 that 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 :

The independent directors shall—

(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 their 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.

IV. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess 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.

