

## CODE OF CONDUCT

### Introduction:

This Code of Conduct for the Board of Directors of **Kusam Electrical Industries Limited** (Company) is been introduced to ensure that the business of the Company is conducted with the highest standards of ethics and values in accordance with the applicable laws, regulations and rules.

This Code of Conduct is being adopted by the Company to comply with the applicable clauses of the Listing Agreement entered into with the Bombay Stock Exchange with whom the securities of the Company are listed.

The Board of Directors of the Company has approved the Company's Code of Conduct in the Board Meeting held on 30<sup>th</sup> December, 2013 and this Code shall come into force with immediate effect. All the Directors shall sign and acknowledge the acceptance of Code of Conduct as per the format provided below. The said acceptance shall form part of the Board records and the Directors shall hereinafter, on an annual basis sign the acknowledgement indicating their continued commitment to the said Board.

1. This Code of Conduct divided into Part A: applicable to the Directors and Part B: applicable to the Senior Management Personnel of the Company.
2. For the purpose of this Code, "Directors" shall mean all the Directors on the Board of Directors of the Company and "Senior Management" shall mean personnel of the Company who are members of core Management excluding Board of Directors. Normally this would comprise all members of Management one level below the Executive Directors including all functional heads reporting to the Managing or Executive Directors.
3. Philosophy

Basic philosophy of the Code of Conduct has been guided by the practices of good Corporate Governance followed by the Company. The core values of the Company are :-

- Commitment to excellence
- Integrity including intellectual honesty, openness, fairness and trust.
- Care for people
- Dynamic and successful business organization.
- A Socially-valued Enterprise.
- Business integrity



AN ISO 9001:2008 COMPANY

# Kusam Electrical Industries Ltd.

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ISO 9001:2008  
Quality Management System  
Cert. No. 6987



The Code of Conduct therefore aligns around the said core values and the commitment to maintain the highest standards in its interface with all stakeholders, society at large and the environment.

4. The Directors and the Senior Management recognize that they have fiduciary responsibility and are accountable to maximize shareholder value through good business practices and controls.

## PART A

5. The Directors of the Company shall endeavor and would :
  - a. use due care and diligence in performing their duties of office and in exercising the powers attached to that office;
  - b. act honestly and use their powers of office, in good faith and in the best interest of the Company;
  - c. not make improper use of information nor take improper advantage of their position as a Director ;
  - d. not allow personal interest to conflict with the interest of the Company;
  - e. make all necessary disclosures to the Company in terms of the Companies, Act 1956 or any Statutory modification or reenactment thereof, the Listing Agreement and any other law for the time being in force;
  - f. not engage in conduct which may bring discredit to the Company;
  - g. be independent in judgment and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
  - h. ensure the confidentiality of information they received whilst being in office of Director and disclosed only when authorized by the Company, or is required by law.

## PART B

- 6.1. The Senior Management shall endeavor to:
  - a. devote their utmost to achieve the goals of the Company and the standards set before themselves;
  - b. carry on the business of the Company complying with all relevant laws, rules and regulations;
  - c. ensure that financial records and reports are in accordance with the provision of law and applicable accounting standards so as to give a true and fair view of the state of affairs of the Company;

- d. ensure that necessary internal control system are enforced effectively whereby fraud and other illegalities, if any, are detected and timely remedial action is taken;
- e. ensure confidentiality of all material sensitive information of the affairs of the Company coming in their possession and not to disclose or use the same for personal profit or for the advantage of any other person unless the same is required to be disclosed to any other person in terms of applicable regulations or any Statutory modification or reenactment thereof;
- f. make all necessary disclosures to the Company in terms of Companies Act 1956, the Listing Agreement and any other law for the time being in force;
- g. disclose and obtain requisite approval under the law in cases where personal interest might conflict with the interest of the Company. Senior Management personnel shall also from time to time and at any time, make disclosures to the Board relating to all material financial and commercial transaction where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercials dealing with bodies corporate which have share holding of management and their relatives, etc.;
- h. pursue healthy Human Resources policies without any discrimination on account of caste, religion or sex, promote meritocracy, uphold self respect and human dignity to instill a sense of belonging to the Organization;
- i. ensure that in dealing with customers, lenders , investors, government and the community at large, the Company's image and its interest are well protected ;
- j. maintain highest level of professional conduct that would enhance the image, goodwill and credibility of the business of the Company ;
- k. create an atmosphere of highest integrity, trust, fairness and honesty in performance of their duty which should strengthen the bond of relationship with people, both internally and externally;
- l. promote SHE factors, biz., safe, healthy working environment and comply with all regulations concerning preservation of the environment of the territory of operation, in conducting the Company's business;
- m. remain apolitical while involving in conduct of Company's affairs.

6.2. The Senior Management shall not:

- a. engage by themselves or on behalf of the Company in any activity detrimental to or against national interest.
- b. receive or offer, directly or indirectly, any illegal payment or charitable benefit which are intended to or perceived to obtain business favours barring nominal gifts which are customarily given and are of commemorative nature;
- c. Permit misuse of Company's properties and asset, both tangible and intangible.

7. This Code is in addition to and not in suppression of other Codes for the time being in force, viz. Corporate Ethics and Code of Conduct; implemented voluntary by the Company; Code of Conduct for prevention of Insider Trading and Code of Conduct Disclosure Practices, pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code of Conduct shall be posted on the website of the Company.

All the members of the Board of Directors and Senior Management shall affirm in the writing compliance with this Code immediately after the Code is approved and adopted by the Board of Directors of the Company and on an annual basis in every financial year as per the format given at Annexure I

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

### **(I) Introduction**

**Kusam Electrical Industries Limited** (hereinafter referred to as “Company”), with the aim of preventing insider trading and to preserve the confidentiality of unpublished price sensitive information and in ensuring adherence to all applicable laws and regulations, hereby notifies the Code of Conduct for the Prevention of Insider Trading to be followed by all Directors/Officers and Employees of the Company.

### **(II) Definitions**

1. “Designated Employees” shall mean :
  - All Directors of the Company;
  - All Presidents, Employees designated as Directors of the Company;
  - CFO/CEO/Company Secretary and all Vice Presidents of the Company;
  - All Employees in finance and Secretarial functions of the Company; and
  - Such other Employees of the Company, as may be determined by the Board of Directors of the Company, from time to time to whom the trading restrictions shall be applicable;
2. “Dependents” for this purpose means dependent parents, dependent children and dependent spouse of the Designated Employee.
3. “Compliance Officer” means a senior level employee who shall report to the Managing Director/Chief Executive Officer.
4. “Price Sensitive Information” means any information which relates directly or indirectly to a stock value of the Company and which if published is likely to materially affect the price of securities of Company.

Explanations: The following shall be deemed to be price sensitive information.

- (i) periodical financial results of the Company ;
- (ii) intended declaration of dividends (both interim and final);
- (iii) issue of securities or buy back of securities;

- (iv) any major expansion plans or execution of new projects;
- (v) amalgamation, mergers, or takeovers;
- (vi) disposal of the whole or substantial part of the undertaking; and
- (vii) any significant changes in policies, plans or operations of the Company

### (III) Compliance officer and his Duties

#### Appointment of Compliance Officer

1. The Company has appointed **Mr. Naval s. Jha** as Compliance Officer (the **Compliance Officer**) who shall be reporting to the Whole time Director of the Company.

#### Duties of the Compliance Officer

1. He shall maintain a record of Designated Employees and their Dependents and any changes made to the list of Designated Employees and their Dependents.
2. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", preclearing of Designated Employees and their Dependents trades (directly or through respective department heads, as may be decided by the Company from time to time), monitoring of trades and the implementation of Code of Conduct under the overall supervision of the Board of the Company.
3. He shall assist all the Designated Employees and their Dependents in addressing any clarifications regarding the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Company's Code of Conduct.
4. He shall maintain records of all the declarations given by the Designated Employees and their Dependents in the appropriate form for a minimum period of three years.
5. He shall place before the Managing Director/ Chief Executive Officer or a Committee specified by the Company, on a monthly basis all the details of the dealing in the securities of the Designated Employees of the Company and their Dependents along with accompany documents that such persons had executed under the pre-dealing procedure as envisaged in this Code.



**(IV) Preservation of “Price Sensitive Information”**

1. Employees/Directors shall maintain the confidentiality of all Price Sensitive Information. They shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.
2. Price Sensitive Information is to be handled on a “need to know basis”, i.e. Price Sensitive Information should be disclosed only with those within the Company who need the information to discharge their duty.
3. Files containing confidential information shall be kept secure. Company Files must have adequate security of login and password etc.

**(V) Prevention of misuse of “Price Sensitive Information”**

1. The Company shall specify a trading period from time to time to be called “Trading Window”, for trading in the Company’s securities. The trading window shall be closed during the time of information referred to in Para (V) 3 is un-published.
2. Directors / employees of the Company and the Dependents of Designated Employees shall not buy/ sell securities of the Company during the Closure of the “Trading Window” i.e. the period during which trading in securities of the Company is prohibited.
3. The “Trading Window” shall be, inter alia, closed at the time of :-
  - (a). Declaration of Financial results (quarterly, half-yearly and annual)
  - (b). Declaration of dividends (interim and final)
  - (c). Issue of securities by way of public/ rights/ bonus etc.
  - (d). Any major expansion plans or executive of new projects.
  - (e). Amalgamation, mergers, takeovers and buy-back.
  - (f). Disposal of whole or substantially whole of the undertaking.
  - (g). Any changes in policies, plans or operations of the Company.

The period of commencement of closure of Trading Window shall be intimated by the Company to the Directors / Employees of the Company, from time to time.

4. The Trading Window shall be opened 24 hours after the information referred to in Para 3 above is made public.

5. All Directors / Designated Employees of the Company and their Dependents shall conduct all their dealings in the Securities of the Company only during the free period and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when Trading Window is closed, as referred in Para (V) 3 above or during any other period as may be specified by the Company from time to time.
6. In case of ESOPs, exercise of option may be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when Trading Window is closed.

**(VI) Pre-Clearance of Trades**

1. All Designated Employees of the Company and their Dependents who intend to deal in shares of the Company, during a calendar month, aggregating to:
  - a. shares worth more than Rs. 5 Lac in value ; or
  - b. 25000 shares; or
  - c. 1% of total shareholding or voting rights of the Company,

which ever is lower, should obtain a pre-clearance of the transactions as per the pre-dealing procedure as described hereunder.

2. An application shall be made in the prescribed format (Application for Pre-Clearance of Trade) in this regard, to the Compliance Officer.
3. An undertaking shall be executed in favour of the Company by such Designated Employees and their Dependents in the prescribed format.
4. All Designated Employees and their Dependents shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given the Designated Employee and their Dependents (as the case may be) must pre clear the transaction again.

**(VII) Restriction on opposite transaction till six months**

All Designated Employees and their Dependents who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction.



(VIII) **Restriction on Derivative Transaction**

All Designated Employees and/ or their Dependents are prohibited to take any position in derivative in the shares of the Company at any time.

(IX) **Holding Period**

1. In case of subscription in the primary market (Initial Public Offers), the Designated Employees and their Dependents shall hold their investments for a minimum period of 30 days. The holding period in such cases would commence when the securities are actually allotted.
2. In case the sale of securities is necessitated by personal emergency, the Compliance Officer after recording in writing his / her reasons in this regard may waive the holding period of 30 days or 6 months referred to above, as the case may be.

(X) **Reporting Requirements for transactions in securities**

1. Every Designated Employee shall make the following disclosures of the shares and other securities held in the Company by them and their Dependents to the Compliance Officer:
  - (a) Initial disclosures of number of shares and other securities held at the time of joining of the Company;
  - (b) Annual disclosures of number of shares and other securities held as on March 31, including details of purchase / sale of shares and other securities during the financial year. This disclosure shall be made within 30 days from the close of the financial year.
  - (c) Changes in shareholding when such change exceeds Rupees 5 Lac in value or 25000 shares or 1 % of total shareholding or voting rights, whichever is lower, shall also be made within 2 (two) working days of such change.
  - (d) Disclosure shall also be made of the number of shares and other securities held, upon becoming a Designated Employee, at any point of time. This disclosure shall be made within 2 (two) working days of becoming a Designated Employee.

(XI) **Penalty for contravention of code of conduct**

1. Any Designated Employee, who himself or through his Dependents trades in securities of the Company or communicates any information for trading in securities in contravention of the Code of Conduct may be penalized and appropriate action may be taken by the Company.
2. Designated Employees of the Company who violate the Code of Conduct shall also be subject to disciplinary action by the Company, which may be include wage freeze, suspension, withholding of promotions and including ineligibility for future participation in employee stock option plans, etc.
3. The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations.

(XII) **Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992**

In case it is observed by the Company/Compliance Officer that there has been a violation of the Regulations, SEBI shall be informed by the Company.