

# **Mewat Zinc Limited**

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## **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

### **1. Introduction**

Clause 49 of the Listing Agreement with Stock Exchanges requires Board of Directors of Listed Companies to lay down a Code of Conduct for all Board members and Senior Management. In compliance with the same, a Code of Conduct had been adopted at a meeting of Board of Directors held on 26<sup>th</sup> May, 2014

### **2. Applicability**

This code is applicable to the Board of Directors, Senior Management Personnel including Key Managerial Personnel ("collectively referred hereinafter, for the sake of brevity as "Officer(s)") of the Company.

### **3. Definitions**

a. "**Board of Directors**" means the "Board of Directors" of Mewat Zinc Limited, as constituted from time to time.

b. "**Code**" means the Code of Conduct for Board Members and Senior Management including Key Managerial Personnel.

c. "**Company**" means Mewat Zinc Limited.

d. "**Relative**" means a relative as defined under the Act and Clause 49.

e. "**Independent Director**" means a Director of the Company, not being a managing or whole time director or nominee director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria of independence as prescribed under the Act and Clause 49.

f. "**Interest in transaction**" means any material pecuniary interest in any contract or arrangement, either by himself / herself or through his / her relative.

*g. "Key Managerial Personnel" or KMP means key managerial personnel as defined under the Act & includes:-*

*I. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;*

*II. Company Secretary; and*

*III. Chief Financial Officer*

*IV. Such other officer as may be prescribed*

*h. "Senior Management" Personnel means, the personnel of the Company who are members of its core management team excluding Board of Directors and KMPs, comprising of all members of management one level below the Executive Directors including the functional heads.*

#### ***4. Governing Principles and Responsibilities under the Code***

*The purpose of this Code is to outline the principles governing the conduct of the Officers for discharging their functions and duties of the Company, in the following areas:*

##### ***4.1 Honesty and Integrity***

*The Officers have to observe honesty, integrity and law abiding behavior and to exercise powers vested in them in good faith in the interest of the Company.*

##### ***4.2 Compliance of Company Policies and applicable laws***

*The Officers have to ensure compliance of company's policies and applicable laws.*

##### ***4.3 Conflict of Interest***

*The Officers should not indulge in any transaction on behalf of the Company for their direct and/or indirect personal benefit and/or for commercial consideration, at the expense/loss to the Company, unless requisite statutory approvals have been obtained in the said respect.*

*In addition to any other transaction, following transactions shall be deemed to result in personal benefit:*

*i. **Outside Employment** - Acceptance by Officers of simultaneous employment elsewhere or engaging in business, whether part-time or full-time, unless the same is required by the Company.*

*ii. **Outside Directorships** - No Officer shall serve as a Director of any Company that competes directly or indirectly with the Company unless agreed to by the Board of Directors.*

*iii. **Transactions with Related Parties** - Officers of the Company shall not conduct business of the Company with his/her Relative or with an organization in which his relative is associated in any significant role. However, if it is unavoidable, then in such a case officer must promptly disclose his full interest in the transaction to the Board and only after obtaining requisite approvals should the officer proceed further.*

#### **4.4 Protecting Company's Confidential Information**

- i. Officers shall maintain confidentiality of information acquired during performance of their duties and shall not use it for personal gain or advantage.*
- ii. The confidential information shall be disclosed only in case the same is authorized by the Company or such disclosure is required by law.*

#### **4.5 Disclosure of Company's information to public, press or media**

*Officers shall not directly or indirectly make, cause to make, support, deny or otherwise endorse any public statement pertaining to the Company unless previously authorized by the Managing Director & CEO.*

#### **4.6 Company's Assets / Intellectual Property**

*Officers shall ensure that assets of the Company are used for Company's business purposes only and will take due care that the Company's assets in their custody/Control are not mis-appropriated, loaned to others, sold or donated, without proper Company authorization.*

*They shall also make their best efforts to protect all Intellectual Properties related to the Company.*

#### **4.7 Gifts**

*Officers shall not accept or offer, directly or indirectly, any gifts, donations, remuneration, hospitality, illegal payments or benefits, from customers, vendors, suppliers, consultants of the Company and/or any other person that is intended to influence any business decision related to the Company.*

*However, hospitality extended by a Business Associate during Training/Conference/Meeting/Seminar/Workshop shall not constitute violation of the Code.*

*It is hereby clarified that acceptance of inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, shall also not constitute violation of the Code.*

#### **4.8 Protection of Whistle Blower**

*Any employee of the Company may report an existing or potential breach of the Code to the Vigilance Officer or in exceptional circumstances to the Chairman of the Audit Committee. Upon receipt of such report, the Vigilance Officer / Audit Committee shall examine the report and may take suitable corrective or disciplinary action, as they may deem fit.*

*Appropriate steps shall be taken to protect a whistle blower who raises a concern in good faith and the identity of the whistle blower shall be protected to the extent possible and permitted under law.*

#### **4.9 Corporate Opportunities**

*Except as may be permitted by Board of Directors/Company policy, Officers are prohibited from:*

- i. Taking for themselves personally, opportunities that belong to either the Company or are discovered through the use of Company's property, information or position;*
- ii. Using the Company's property, information, or position for personal gain; and*
- iii. Competing with the Company.*

### **5. Independent Directors**

#### **5.1 Code of conduct**

*Independent director will also abide with the code of conduct for Independent Director(s) as provided in Schedule IV of the Companies Act, 2013.*

#### **5.2 Maximum tenure of Independent Directors**

- Independent Director shall hold office for a term up to 5 consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company. A disclosure of such an appointment is to be made in the Board's Report.*
- No Independent Director shall hold office for more than two consecutive terms in one Company, but such Independent Director will be eligible for re-appointment after the expiration of 3 years (cooling period) of ceasing to be an Independent Director. During the period of cooling period, such independent director shall not be appointed in or associated with the company in any other capacity.*
- The provisions in respect of retirement of Directors by rotation shall not be applicable on Independent Directors.*
- Nominee Directors will not be considered as Independent Directors.*

#### **5.3**

#### **STOCK OPTION**

*Independent Directors are not entitled to stock options.*

#### **5.4 Familiarisation programme for Independent Directors**

*Independent directors shall be familiarised with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.*

*The details of such familiarisation programmes shall be disclosed on the company's website and a web link thereto shall also be given in the Annual Report.*

#### **6. Duties of Independent Director**

- i. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;*
- ii. 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;*
- iii. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;*
- iv. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;*
- v. Strive to attend the general meetings of the company;*
- vi. 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;*
- vii. Keep themselves well informed about the company and the external environment in which it operates;*
- viii. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;*
- ix. 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;*
- x. 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;*
- xi. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;*
- xii. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;*
- xiii. 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.*

## **7. Key Functions of Board**

- i. The board should fulfil certain key functions, including:*
- ii. 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.*
- iii. Monitoring the effectiveness of the company's governance practices and making changes as needed.*
- iv. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.*
- v. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.*
- vi. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.*
- vii. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.*
- viii. 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.*
- ix. Overseeing the process of disclosure and communications.*
- x. Monitoring and reviewing Board Evaluation framework.*

## **8. Responsibilities of Board**

- i. 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.*
- ii. The Board should set a corporate culture and the values by which executives throughout a group will behave.*
- iii. 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.*
- iv. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.*
- v. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.*
- vi. The Board should apply high ethical standards. It should take into account the interests of stakeholders.*
- vii. The Board should be able to exercise objective independent judgement on corporate affairs.*

- viii. *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.*
- ix. *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.*
- x. *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.*
- xi. *When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.*
- xii. *Board members should be able to commit themselves effectively to their responsibilities.*
- xiii. *In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.*
- xiv. *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.*
- xv. *The Board of the company shall satisfy itself that plans are in place for orderly succession for appointments to the Board.*
- xvi. *The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.*
- xvii. *All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.*
- xviii. *The Board and senior executive personnel 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.*

## **9. Duties of Directors**

- i. *Subject to the provisions of the Companies Act, 2013, a director of a Company shall act in accordance with the Articles of Association of the Company.*
- ii. *A director of a 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 the environment.*
- iii. *A director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise his independent judgment.*
- iv. *A director of a 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.*

- v. *A director of a 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 is found guilty of making any undue gain, he shall be liable to pay an equal amount to that gain of the Company.*
- vi. *A director of a Company shall not assign his office and any assignment so made shall be void.*

#### **10. Limit on number of directorship**

- i. *A person cannot be a Director in more than 20 companies out of which not more than 10 can be public companies. The Directorships held by a person will also include the directorships held by him in the capacity of an Alternate Director in any of the companies. For the purpose of counting directorships in public companies, the directorships in private companies that are either Holding or Subsidiary company of a public company shall also be included.*
- ii. *Maximum number of Boards an independent director can serve on listed companies be restricted to 7 and 3 in case the person is serving as a whole time director in a listed Company.*
- iii. *A director (including Independent Director) shall not be a member in more than ten committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.*

#### **Explanation:**

- i. *For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded*
- ii. *For the purpose of reckoning the limit under this sub-clause, Chairmanship/ Membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.*

#### **11. Disclosure by the director(s) of their concern or interest**

- i. *Disclosure regarding his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals (including the shareholding) is to be made by each director:*
  - *At the first meeting of the Board in which he participates as a Director and*



- *Thereafter at the first meeting of the Board in every financial year; and whenever there is any change in the disclosures already made, then at the first Board meeting held after such change,*
- ii. *Every Director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into—*
- *With a body corporate in which such Director, or such Director in association with any other Director, holds more than two percent shareholding of that body corporate, or is a Promoter, Manager, Chief Executive Officer of that body corporate; or*
  - *With a firm or other entity in which, such Director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.*
- iii. *Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.*

*It shall be the duty of the Director giving notice of interest to cause it to be disclosed at the meeting held immediately after the date of the notice.*

- iv. *Every Director shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals, by giving a notice in writing in Form No. MBP-1.*

## **12. Restriction**

### **I. Prohibition on Insider Trading of Securities**

*The Directors or Key managerial personnel shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company as applicable from time to time and No Director or Key managerial personnel of a Company shall enter into Insider Trading. However the same shall not apply to any communication required in the ordinary course of business or profession or employment or under any law.*

### **II. Restriction on non-cash transactions involving Directors**

*Company shall not enter into any arrangement by which a Director of the company or any person connected with him can acquire assets for the consideration other than cash, from the Company & vice versa, without the approval of Company in general meeting.*

### ***III. Prohibition on forward dealings in securities of the Company by Directors or Key Managerial personnel***

*The Director of a Company or KMP shall not buy in the Company or in its holding, subsidiary or associate Company:*

- a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.*
- a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.*

### ***13. Resignation of Director***

*A Director may resign from his office by giving a notice in writing to the company. Directors are required to forward their resignation along with detailed reasons for resignation to the ROC. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.*

### ***14. Vacation of Office of Director***

*The office of a director shall become vacant in case—*

- i. he incurs any of the disqualifications specified in section 164;*
- ii. he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;*
- iii. he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;*
- iv. he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;*
- v. he becomes disqualified by an order of a court or the Tribunal;*
- vi. he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months;*
- vii. Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;*
- viii. he is removed in pursuance of the provisions of this Act;*
- ix. he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.*

## **15. Reporting**

*Any question or interpretation under the Code will be considered by the Board or any other person authorized by the Board in the said behalf. All queries in this regard should be addressed to the Company Secretary. Officers may approach the Company Secretary to facilitate approval of the Board, wherever required under the Code.*

*Any Officer who becomes aware of any existing or potential breach of the Code shall promptly notify to the Managing Director of the Company.*

*In case of proven breach of the Code, the same shall be dealt with by the Board for proper action, as deemed necessary.*

## **16. Publication of the Code**

*The Code shall be posted on the website of the Company.*

## **17. Annual Compliance Reporting**

*Officers shall also affirm compliance with the Code on an annual basis as at the end of each financial year. The affirmation will be given to the Company Secretary in the prescribed format appearing in Appendix - I of the Code on or before 30 days from the close of the relevant financial year.*

*The Annual Report of the Company shall carry a declaration to this effect signed by CEO of the Company.*

## **18. Amendment(s)**

*Any amendment to this Code shall be possible only with the prior approval of the Board of Directors, except in case of modifications in the corresponding provisions of the Companies Act, 2013 or Rules made thereunder or under the relevant provisions of the Listing Agreement, as may be notified by Statutory Authorities from time to time, in which case the Managing Director of the Company is authorized to carry out those changes.*

## **19. Waiver**

*Waiver of any provision of the Code for an Officer must be placed for approval before the Board of Directors of the Company.*

*Appendix - I*

**ANNUAL COMPLIANCE REPORT**

*I ..... do hereby solemnly affirm that I have to the best of my knowledge and belief, complied with the provisions of the **Code of Conduct for Directors and Senior Management** during the financial year ended on 31st March 2015*

*Signature .....*

*Name .....*

*Designation .....*

*Employee Code .....*

*Date .....*

*Place .....*

*To be submitted by each year.*