

KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

CODE OF CONDUCT – DIRECTORS & SENIOR MANAGEMENT

1. INTRODUCTION

The Company is committed to achieve excellence in everything it does including the canons of fair and ethical business conduct. This Code of Conduct (“Code”) reflects the business practice and principles of behaviour that support this commitment.

This objective and purpose of the code is to conduct business with responsibility, integrity, fairness, transparency and honesty and also to meet the obligations towards the shareholders and all other stakeholders of the Company. The Code also envisages to provide guidance and help in recognizing and dealing with ethical issues and to help foster a culture of honesty and accountability.

2. APPLICATION

This Code of Conduct applies to all the Directors (the “Board”) and senior executives of the Company, which shall comprise all the members of management one level below the Executive Directors, including all Entity Heads which include all the Functional Head/ Departmental Heads.

The Board is responsible for setting the standards of conduct contained in the Code and for updating these standards from time to time pursuant to legal and regulatory developments.

3. Code of Conduct

The Directors have the responsibility to carry out their duties in an honest and diligent manner and within the ambit of the applicable laws, read with the Articles of Association of the Company. They are the trustees of the Company’s assets and are also responsible for honest, fair and ethical conduct of business affairs of the Company. The Directors must also remain within the ethical bounds of the authority vested in them and should always take informed decisions and enact policies in the best interest of the Company and its shareholders.

3.1 Statutory Duties:- The Directors are responsible for ensuring compliance with all applicable statutory requirements by the Company, including best corporate governance practices both in letter and spirit.

3.2 Fiduciary Duties:- Directors should care to take informed and prudent decisions and act in good faith in accordance with the Company’s codes and policies and the best governance practices without conflict and always put the interests of the Company before those of the individual Directors.

The Directors should always act collectively as a Board, or as they are specifically authorized by the Board and its Committees.

3.3 Honest and Ethical Conduct:- The Directors and the Senior Executives of the Company shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. Honest conduct is conduct that is free from any fraud or deception. Ethical conduct is the conduct conforming to the accepted professional standards of conduct. They should not take undue advantage of their position.

3.4 Conflicts of Interest: - The Directors and the Senior Executives shall not engage in any activity or enter into any pecuniary relationship, which might result in conflict of interest, either directly or indirectly, or which could reasonably be construed as creating an appearance of a conflict of interest. A "conflict of interest" occurs when an individual's private interest, directly or indirectly, interferes or appears to interfere with the interests of the Company. However, the Directors and the Senior Executives are free to make personal investments and enjoy social relations and normal business courtesies, but they must not have any interests that adversely influence the performance of their duties, functions and responsibilities as Directors of the Company.

Conflicts of interest may not always be clear-cut. Any question therefore about a Director's actual or potential conflict of interest with the Company should be brought promptly to the attention of the Chairman of the Board, who will review the matter and determine a proper course of action. The Director concerned should abstain from voting, discussion or otherwise influencing a decision on any matter in which in he/she has or may have conflict of interest.

3.5 Seek Clarification:- The Directors or Senior Executives should 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.

3.6 To Attend Meetings:- The Directors should strive to attend all meetings of the Board of Directors and of the Board committees of which they are member. They should participate constructively and actively in the committees of the Board in which they are chairpersons or members and also to strive to attend the general meetings of the company.

3.7 Corporate Opportunity:- The Directors and the Senior Executives shall not compete with the Company, take for themselves personally any business opportunities that belong to the Company or/ are discovered through the use of corporate property, information or position or use corporate property, information or position for personal gain.

3.8 Confidential Information: During the course of association/dealing/ carrying out their duties and responsibilities with the Company, any information of a confidential nature (whether about the Company, other companies or individuals) that is known to Directors or Senior Executives shall be treated as confidential unless publicly available or is required by law, regulations or legal

proceedings. Such information should be used only for the purpose of the business of the Company.

This obligation shall continue for three years even after leaving the Company or ceasing to be a Director. No Director or Senior Executive shall solicit confidential information from third parties without prior authorization. The use of Company information for personal gain is strictly prohibited. The term "confidential information" includes, but is not limited to, non-public information that might be of use to competitors of the Company or harmful to the Company or its customers, if disclosed. Whenever feasible, Directors should consult the Chairman of the Board, if they believe they have a legal obligation to disclose confidential information.

- 3.9 Fair Dealing:- The Directors should endeavour to deal fairly with the Company's customers, suppliers, competitors, officers and employees and should not seek competitive advantages through illegal or unethical business practices. No Director shall take unfair advantage of the Company's customers, suppliers, competitors or employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. The Directors and senior executives shall immediately bring to the notice of the Board, any unethical behavior and actual or suspected fraud.
- 3.10 Protection and proper use of Company's Assets:- The Directors and Senior Executives should perform their duty in a manner that protects the assets of the Company and ensures their efficient use.
- 3.11 Bribery, Gifts and Entertainment:- The payment of bribes, kickbacks or any other payment of any nature, whether in cash or kind, to obtain business or otherwise gain advantage for the Company is strictly prohibited, irrespective of whether such payments or offers are made directly or indirectly. Though business gifts and entertainment should be viewed with caution, the Directors and senior executives may accept and offer nominal gifts, which are customary or commemorative in nature for special events.
- 3.12 Financial and Operational Integrity:- The Directors and Senior Executives should endeavour to disclose all the information required to be disclosed under the relevant accounting standards or under any laws or regulations in its financial statements. The fees and compensation payable to the Directors - both executive and non-executive, shall be fixed by the Board and approved by the shareholders as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.
- 3.13 Independent Directors:- The Independent Directors should review the overall strategy, oversee the performance of the management and participate and arrive at independent judgement. Their key role is to provide an independent, unbiased, varied and experienced perspective of the Board. The responsibilities of the independent directors collectively or individually are:-

- To be well informed about the Company and the business environment in which it operates.
- To act as a constructive critic of the objectives and plans of the executive management.
- To oversee the performance of the management vis-à-vis the objectives, strategies and goals of the Company.
- Ensure the accuracy of the books of accounts of the Company.
- Review the remuneration package and recommend appointment of both the Directors and Senior Executives through Remuneration & Nomination Committee.
- Protection of interest of all stakeholders.
- To give declaration to the Board u/s 149 (6) of the Companies Act, 2013, from time to time, as and when required.
- Uphold the highest standards of integrity and probity in the interest of the Company.
- To abide by any additional responsibilities and duties as stipulated in Schedule IV of the Companies Act, 2013.

The Independent Directors shall be deemed as such if they are independent of influence by any or more of the Company's stakeholders viz., significant customers, vendors, financiers, shareholders and their relatives, business partners, group companies, in which they have significant interest.

Where a Director becomes aware of an impairment or expects a potential impairment of independence, he shall draw the attention of the Board to such a situation. In case the Board is satisfied that the concerned director's judgement is not influenced or not likely to be influenced, it may resolve to hold his independence unimpaired, except if the impairment arises from the application of laws and regulations. The Board may also provide a specific safeguard to be put in place to put beyond doubt the effect of any perceived impairment of the Director's judgement on the Board's decision.

- 3.14 Training:- All members of the Board including Executive Directors are expected to ensure that they find time to attend training sessions as and when organized by the Company to train on the business model, as well as the risk profile of the business parameters of the Company, their respective responsibilities as directors and the best way to discharge them.
- 3.15 Consequences for non-compliance of the Code:- The Directors and Senior Executives are accountable for full compliance with this Code. Any deviation from this Code shall be determined by the Board of Directors in case of members of the Board and Chairman & Managing Director in case of Senior Executives, which may include serious disciplinary action, removal from office as well as other remedies.
- 3.16 Waiver:- Any waiver of any provision of this Code of Conduct for a Director, Senior Executive must be placed for approval before the Board.

- 3.17 Amendment:- The Board may in its absolute discretion, reserve the right to modify this code as deemed expedient from time to time and shall be notified to all concerned.
- 3.18 Adoption and Commencement: This Code of Conduct was adopted by the Directors by a Resolution passed at a meeting held on Wednesday, 27th August, 2014 and shall be deemed to have come into force with immediate effect.
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