

Mewat Zinc Limited

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POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE

Mewat Zinc Limited (the "Company") recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests. The Company must specifically ensure that certain Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, the Board of Directors of the Company has adopted the following policy and procedure with regard to Related Party Transactions (the 'Policy'). The Policy envisages the procedure governing related party transactions required to be followed by the Company to ensure compliance with the applicable laws and regulations. The Audit Committee will review and may amend this Policy from time to time.

EFFECTIVE DATE

This Policy shall become effective from the date of its adoption by the Board i.e. 30th March, 2015.

PURPOSE

This Policy is framed based on the requirements of amended clause 49 of listing agreement entered by the Company with the stock exchanges and also to comply with the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest according to the Income Tax Act, 1961.



"Associate Company" means any other company, in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

Explanation - For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Audit Committee" or "Committee" means Committee of the Board of Directors of the Company constituted for audit related purpose.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes (i) Chief Executive Officer, (ii) Chief Financial Officer and (iii) Company Secretary.

"Related Party" means a person or an entity:

- (i) Which is related party under section 2(76) of the Companies Act, 2013; or
- (ii) Which is a related party under the applicable accounting standards

Related party under section 2(76) of the Companies Act, 2013 and rules made there under are as follows:

- (i) A director or his relative;
- (ii) A key managerial personnel or his relative;
- (iii) A firm, in which a director, manager or his relative is a partner;
- (iv) A private company in which a director or manager is a member or director;
- (v) A public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act;
Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) Any company which is -
 - (a) A holding, subsidiary or an associate company of such company;
 - (b) A subsidiary of a holding company to which it is also a subsidiary;
- (ix) Director or key managerial personnel of the holding company or his relative; or
- (x) Such other persons as may be prescribed by Central Government.

"Related Party Transaction" means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged. **"Material Related Party Transaction"** means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent (10%) of the annual



consolidated turnover of the company as per the last audited financial statements of the Company, as provided in clause 49 (VII) (c) in the Listing Agreement.

"Relatives" with reference to any person means anyone who is related to another, if -

- (i) They are member of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other person as :
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son's wife
 - (e) Daughter
 - (f) Daughter's husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

"Transaction" with a related party shall be constructed to include a single transaction or a group of transactions.

POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Audit Committee in accordance with this Policy.

A Procedures for review and approval of Related Party Transactions

(i) Disclosure by Directors and KMP's

Every director and KMP shall at the beginning of the financial year or whenever there is any change in the disclosure already made provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this Policy. Directors and KMP's are also required to provide the information regarding their engagement with other entity(ies) during the financial year which may be regarded as related party according to this Policy. Any individual appointed as director or KMP shall provide declaration to the Company Secretary in the prescribed format.

(ii) Identification of transaction with related parties

Each director and Key Managerial Personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he may be considered interested. The Board shall record the disclosure of interest and the Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The directors and KMPs will ensure that their notice of any potential Related Party

