

# Code of Conduct

Adopted on February 12, 2014

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## 1. Introduction

In current economic scenario, business is not about only earning profits but also to maximize wealth of stakeholders while adherence to the business ethics and maintaining best business practices. A gamut of predefined guidelines will help us to leverage the efforts of the various stakeholders efficiently and to get maximum product out of those sincere efforts. The term, stakeholders, not only includes shareholders, lenders, depositors, directors and employees of the Company but also the suppliers, buyers, agents, regulatory agencies, statutory authorities, environment etc.



Further one of the important aspects of the business is decision-making which is carried at various levels of the Organization. To safeguard the interests of every stakeholder the decision-makers must ascertain the risks involved, and, social and financial impact of their activities.

Therefore in order to overcome the challenges imposed by augmenting complexities due to increasing scale and inter-se functions of the business in present economic scenario the Company has upgraded its Code of Conduct.

## **2. Applicability**

This Code applies to all Directors and employees of Hisar Metal Industries Limited and to every person who is serving the Company on contract, sub-contract, retainer, consultant or any other such basis.

You are expected to adhere to guidelines set out in this Code to their true spirit.

## **3. Corporate Governance Philosophy**

The Company believes not only in maximizing the wealth and earnings for the stakeholders but also in operating business in an environment conducive to transparency, integrity and trusteeship by incorporating an effective disclosure policy and sense of accountability. The Company is committed to adopt the best corporate governance practices and continuously strives to adhere to them and is in compliance with the requirements of the guidelines on corporate governance stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges.

## **4. Employment policies**

The Company always strives to maintain a pool of talented manpower resources and encourages the development of the employees both socially and professionally by setting key results areas. The performance of every individual is assessed periodically and based on that assessment his compensation and future assignments are established. To take care of its human resources the Company has adopted following policies:

### **a. Equal Employment Opportunity**

Hisar Metal Industries Limited provides equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, marital status, caste etc. Hisar Metal Industries Limited complies with applicable state and local laws governing nondiscrimination in employment in every location in which the Company has facilities. This policy applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.

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Hisar Metal Industries Limited expressly prohibits any form of unlawful employee harassment based on race, color, religion, gender, sexual orientation, national origin, age, genetic information or disability. Improper interference with the ability of its employees to perform their expected job duties is absolutely not tolerated.

### **b. Employer-employee relationship**

Every individual should always put best and sincere efforts to complement the productivity and performance of the Company to the remarkable standard acquiring and maintaining professional competence. We must strive to achieve the highest quality, effectiveness and dignity in all that we are responsible for each day. Employees must always act with honesty, integrity and in all situations preserve the loyalty, trust and confidence reposed in them.

### **c. Employee-employee relationship**

To attract and retain talented and dynamic individuals, it is vital to have a supportive work environment, based on mutual respect. The Company always encourages and promotes favourable employment conditions, positive relationships between employees and managers, open communications and employee development. Living our values helps our Company succeed, and it also creates the setting for each of us to thrive and to reach our full potential. In dealing with each other, directors, senior management, managers and employees shall uphold the values which are at the core of our HR Philosophy - trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self respect and human dignity.

### **d. Outside Employment**

Employees are permitted to engage in outside work or to hold other jobs with the prior permission from the Management.

Employees are cautioned to carefully consider the demands that additional work activity will create before accepting outside employment. Outside employment will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel or refusal to work overtime or at different hours. In case the management determines that an employee's outside work interferes with performance, the employee may be asked to terminate the outside employment.

### **e. Attire and Grooming**

It is important for all employees to project a professional image while at work by being appropriately attired. Every individual is expected to be neat, clean and well groomed while on the job. Clothing must be consistent with the standards for a business environment and must be appropriate to the type of work being performed.

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### **f. Electronic Communication and Internet Use**

The following guidelines have been established for using the internet, Company-provided cell phones and e-mail in an appropriate, ethical and professional manner:

- Internet, Company-provided equipment (e.g. cell phone, laptop, computer etc.) and services may not be used for transmitting, retrieving or storing any communications of a defamatory, discriminatory, harassing or pornographic nature.
- The following actions are forbidden: using disparaging, abusive, profane or offensive language; creating, viewing or displaying materials that might adversely or negatively reflect upon the Company or be contrary to Company's best interests; and engaging in any illegal activities, including piracy, cracking, extortion, blackmail, copyright infringement, and unauthorized access of any computers and Company-provided equipments such as cell phones and laptops.
- Employees shall not copy, retrieve, modify or forward copyrighted materials, except with permission or as a single copy to reference only.
- Employees must not use the system in a way that disrupts its use by others. Employees must not send or receive large files that could be saved/ transferred via thumb drives. Employees are prohibited from sending or receiving files that are not related to work.
- Employees should not open suspicious e-mails, pop-ups or downloads.
- Internal and external e-mails are considered business records and may be subjected to discovery in the event of litigation. Be aware of this possibility when sending e-mail within and outside the company.

### **g. Right to Monitor**

All Company-supplied technology and Company-related work records belong to the Company and not to the employee. The Company routinely monitors use of Company-supplied technology.

### **h. Use of social media**

Employees shall not post financial, confidential, sensitive or proprietary information about the Company, clients, employees or applicants. Employees shall not post obscenities, slurs or personal attacks that can damage the reputation of the Company, clients, employees or applicants.

### **i. Solicitations, distributions and posting of materials**

The Company prohibits the solicitation, distribution and posting of materials on or at Company's property by any employee or nonemployee, except as may be permitted by this policy.

### **j. Transparency and audit**

All the directors, senior management and employees shall ensure that their actions in the conduct of business are totally transparent.

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### **k. Sexual Harassment**

The Company being an equal opportunity employer strictly prohibits any sort of harassment. Sexual harassment includes unwelcome sexually determined behaviour such as unwelcome physical contact, a demand or request for sexual favours, sexually coloured remarks, showing pornography and any other unwelcome physical, verbal or non-verbal conduct of a sexual nature. Employees shall report harassment concerns or other unwelcome and offensive conduct to the management and the alleged person, if found guilty, shall liable to disciplinary action, up to and including termination.

### **5. Conflict of interest**

At times, an employee may be faced with situations in which business actions taken on behalf of the Company may conflict with the employee's own personal interests including nepotism. Your decisions and actions in the course of your employment with the Company should be based on the best interests of the Company, and not based on personal relationships or benefits. You are not prohibited from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur or your ability to exercise independent judgment in the Company's best interest is compromised.

No individual should use the Company's property, information or business opportunities for personal gain. Since instances of conflict of interests cannot be drafted so it is the responsibility of every individual to avoid such instances. In case any individual feels any conflict of interest she or he shall discuss the issue with the management. In case an actual or potential conflict is determined, the Company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action, up to and including termination.

### **6. Use and protection of resources**

We are acting as trustees of the stakeholders of the Company to safeguard their interests. Therefore you should make prudent use of all the assets of the Company not only those in your custody but also in general. You shall use Company's technological resources including computers, voicemails, e-mails, internet access in a manner that is consistent with the Code and other relevant guidelines. These resources have been made available to further the Company's business and not for any other reason, unless specifically authorized.

### **7. Business ethics**

With the rapid industrial development and complex business a structure only selling of products is not sufficient for the Organization to retain its clientele and vendors. It also requires maintaining an honest conduct to be conduct that is free from fraud or deception. We consider ethical conduct to be conduct in conformance with accepted professional standards of conduct and compliance with all applicable laws. Ethical conduct includes the ethical



handling of actual or apparent conflicts of interest between personal and professional relationships. Therefore the ethical conduct is not limited to your conduct only within Organization but also with the other stakeholders. Some important aspects have been enumerated herein-below:

**a. Confidentiality**

In order to survive in the present economic scenario, every Company has competitive advantage over its competitors. The Company's confidential information is a valuable asset and it cannot bear to share such details with any of its competitors. The Company's confidential information includes product architectures; source codes; product plans and road maps; business and marketing plans; proprietary and technical information, such as trade secrets and inventions; names and lists of customers, dealers, and employees; financial information and projections; nonpublic information about customers, suppliers and others; and much of its internal data. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for the Company's business purposes only. Every director, officer, employee and third party agent must safeguard it.

**b. Fair competition**

The Company believes in fair competition and never engages in malpractices that may hamper the spirit of open and fair competition through any means.

**c. Environment, Health and Safety**

The Company is committed to provide safe and healthy work place while maintaining high standards to protect the environment by efficiently managing the industrial waste and pollution. We work on the policy to focus primarily on ensuring safety within its premises, then on the health of its human resources and consider all the measures related to environment at last. We believe that the safety of human resources at utmost priority and then their health to maintain healthy environment because only safe and healthy human resources can maintain healthy environment.

**d. Quality of the products**

The Company is certified with ISO 9001:2008, a quality management system, based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. ISO 9001:2008 complement our commitment to ensure that customers get consistent, good quality products and services at competitive prices.

**e. Prohibition of Insider Trading**

The Company expects that you will neither share any confidential or price sensitive information with others nor engage in any transaction while in possession of such information. For details on insider trading please refer the Code for Prevention of Insider Trading of the Company. For any details or clarification you can contact Company Secretary.

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### **f. Anti-corruption**

The Company is committed to comply with the Prevention of Corruption Act, 1988 and never involve in any act of offering any financial inducement to any Government official or representative to influence any decision or obtain business in its favour. You are not expected to involve directly or indirectly in any act to provide a gift or payment directly or indirectly to any party conducting or with which Company is conducting business if it would be in the nature of any inducement to secure business or favour for the Company.

### **8. Independent Directors**

To compliment the Corporate Governance Philosophy of the Company the Company always maintains an optimum combination of Executive, Non-executive and Independent Directors so as to draw best judgment in various cases for the exclusive benefit of the Company. An Independent Director is the real trustee of the shareholders as he is not involved and related to day-to-day affairs of the management. Today the role of independent directors has become more challenging due to intense scrutiny from stakeholders, greater demands imposed by regulatory requirements and an increase in overall complexity of the business environment. Therefore in order to strengthen the role of such directors, the Company has spelled out the guidelines of their professional conduct, roles, functions and duties herein below. Thus apart from the above stated guidelines, all independent directors are expected to comply with the following provisions in line with various enactments.

#### **I. Guidelines of professional conduct:**

An independent director shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his duties;
- exercise his responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 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;
- 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;
- refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly; and
- assist the company in implementing the best corporate governance practices.

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### II. Role and functions:

The independent directors shall:

- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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; and
- 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—

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;

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- 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;
- report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees; and
- 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.

### **9. Compliance**

You are expected to comply with all the provisions of various Codes and guidelines of the Company to letter and true spirit. Violations of law, this Code or other Company's policies or procedures by any concerned person can lead to disciplinary action up to and including termination. Disciplinary actions may include immediate termination of employment at the Company's sole discretion. In case the Company has suffered a loss, it may pursue legal actions against the individuals or entities responsible.

In case you find any violation or discrepancy you shall discuss the same with your supervisor or you can contact Audit Committee of the Board of Directors of the Company. To report any violation, kindly refer Whistleblower Policy of the Company.

The form for declaration of compliance with the Code of Conduct of the Company by the Members of the Board of Directors of the Company and its senior management is appended herein-below.

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Adopted on February 12, 2014

Date: April \_\_, 201\_

The Board of Directors  
Hisar Metal Industries Limited  
Near I.D.C., Delhi Road  
Hisar - 125 005 (Haryana)

**Sub.: Compliance with Code of Conduct**

Dear All

I hereby confirm that I have complied with the Code of Conduct of the Company for the financial year ended on March 31, 201\_. I also declare that during the period from my previous disclosure I have not come across any violation and any instance of potential violation to the Code of Conduct of the Company.

Thanking you

Yours sincerely

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Name:

Designation:

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This Code of Conduct is adopted by the Company in meeting of the Board of Directors of the Company held on February 12, 2014.

For **Hisar Metal Industries Limited**

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(M. P. Jindal)  
**Chairman**