



**PRABHAT TECHNOLOGIES (INDIA) LIMITED**

**POLICY ON APPOINTMENT OF DIRECTORS AND  
MEMBERS OF SENIOR MANAGEMENT**

## PREAMBLE:

- a. In terms of Section 178 of the Companies Act, 2013, rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Nomination and Remuneration Committee of Directors (“**NRC**”) has formulated this Policy on Appointment of Directors and Members of Senior Management (the “**Policy**”).
- b. The Policy applies to the Board of Directors (the “**Board**”) of the Prabhat Technologies (India) Limited (“**Company**”) and the Senior Management of the Company. This amended Policy has been recommended by the NRC and approved by the Board of Directors of the Corporation at its meeting held on January 29, 2019. This Policy shall be effective from February 1, 2019.
- c. The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead the Corporation towards achieving its stated goals and strategic objectives taking into account the interest of all stakeholders.
- d. This Policy is inter-linked to the Policy for Succession Planning, which ensures smooth succession without impeding the performance in current roles and responsibilities.
- e. The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Directors to the shareholders for their approval.
- f. The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of the Corporation to the NRC, which will submit its recommendations to the Board, in accordance with this Policy.

Prabhat Technologies (India) Limited (“the Company”) hereby notifies the "Code of Conduct for the Board of Directors and Senior Management of the Company” as required by Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

## APPLICABILITY:

This Code shall be applicable to the following persons:

- a. All **Whole-time Directors**
- b. All **Non-Executive Director** including Independent Directors
- c. All **Key Managerial Personnel**
- d. All Non-Board Members designated herein as “**Senior Management Personnel**” consisting of Executive Directors, General Managers and all functional/Department heads of the Company.

## MEANING:

A code of conduct is a set of rules outlining the social norms, religious rules and responsibilities of and or proper practices for an individual.

## DEFINITIONS & INTERPRETATION:

- a. **“Company”** shall mean **Prabhat Technologies (India) Limited**.
- b. **“Board / Directors”** in relation to a company, means the collective body of the directors of the company.
- c. **“Whole time Director”** shall include a Director in the Whole-time employment of the company, as per section 2(94) of the Companies Act, 2013.
- d. **“Non-Executive Director”** shall mean the Board Members who are not in whole time employment of the Company.
- e. **“Senior Management”** shall mean officers/personnel of the Company who are members of its core management team excluding the Board of Directors. Normally, this shall comprise of all members of management one level below the executive directors, including all functional heads
- f. **“Relative”** shall mean ‘relative’ as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definition Details) Rules, 2014.
- g. **“Compliance Officer”** shall mean the Company Secretary or any other officer designated by the Board of Directors of the Company for the purpose of this Code.

## COMPLIANCE WITH THE CODE:

Once every year or upon revision of this code, every Director/ Senior Management person must acknowledge an understanding of the code and an affirmation that he/she has complied with the Code.

New Directors/ Senior Management persons will acknowledge and affirm at the time of joining.

## GUIDELINES FOR CONDUCT:

Without limiting the generality of the duties stated in the Companies Act, 2013, the Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct for Prevention of Insider Trading framed there under and other applicable laws, the duties of a director are as under:

- a. Subject to the provisions of Companies Act, 2013 a director of a company shall act in accordance with the articles of the company.

- b. 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 environment.
- c. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- d. 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.
- e. 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 amount equal to that gain to the company.
- f. A director of a company shall not assign his office and any assignment so made shall be void.
- g. Shall maintain and help the Company in maintaining highest degree of Corporate Governance practices.
- h. Shall not commit any offences involving moral turpitude or any act contrary to law or opposed to the public policy.
- i. Shall maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for personal gain or advantage.
- j. Shall act in conformity with applicable legal provisions, including those relating to Related Party Transactions, disclose personal and/or financial interest in any business dealings concerning the Company and shall declare information about their relatives (spouse, dependent children and dependent parents) including transactions, if any, entered into with them so as to enable the Board Members to take an informed decision.
- k. To understand and identify the Business Risk associated with the Company in surrounding function or area of operation of the Company and to assist in the companywide process of managing such risks, so that Company may achieve its wider business objectives.
- l. Shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.
- m. Shall ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015(as amended) and also other regulations as may become applicable to them from time to time.
- n. The Directors and Senior Management personnel shall conduct their activities with honesty, integrity and fairness.
- o. Directors shall act in the best interests of the Company and fulfil the fiduciary obligations.

## **CODE FOR INDEPENDENT DIRECTORS (AS PER THE COMPANIES ACT, 2013):**

The Independent Directors needs to play significant role and discharge their duties as assigned to them under section 149(8) of the Companies Act, 2013 read with the Schedule IV of the Companies Act, 2013 as under. The Code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

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

An Independent Director shall:

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

## **II. Role and functions:**

The Independent Directors shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of Board and Management;
- c. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;

- g. 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;
- h. 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—

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

- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. Act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. 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.

#### **IV. Manner of appointment:**

- a. Appointment process of Independent Directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- b. The appointment of Independent Director(s) of the company shall be approved at the meeting of the shareholders.
- c. The explanatory statement attached to the notice of the meeting for approving the appointment of Independent Director shall include a statement that in the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- d. The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:
  - i. the term of appointment;
  - ii. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - iv. provision for Directors and Officers (D and O) insurance, if any;
  - v. the Code of Business Ethics that the company expects its directors and employees to follow;
  - vi. the list of actions that a director should not do while functioning as such in the company; and

- vii. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- viii. The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- ix. The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

## **V. Re-appointment:**

The re-appointment of Independent Director shall be on the basis of report of performance evaluation.

## **VI. Resignation or Removal:**

- a. The resignation or removal of an Independent Director shall be in the same manner as is provided in Section 168 and 169 of the Act.
- b. An Independent Director who resigned or is removed from the Board of the company shall be replaced by a new Independent Director within three months from the date of such resignation or removal, as the case may be.
- c. Where the company fulfils the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

## **VII. Separate meetings:**

- a. The Independent Directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- b. All the independent directors of the company shall strive to be present at such meeting;
- c. The meeting shall:
  - i. review the performance of non-independent directors and the Board as a whole;



- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **VIII. Evaluation mechanism:**

- a. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

## **IX. Board Members and Senior Managers:**

The Board Members and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement.

### **ACKNOWLEDGEMENT OF RECEIPT OF THE CODE:**

Each Board Members and Senior Managers both present and future shall acknowledge receipt of the Code or any modification(s) thereto, in the acknowledgement form annexed to this Code as Appendix – II and forward the same to the Compliance Officer.

Any breach of the aforesaid Code brought to the notice of the Compliance Officer or any member of the Board or Senior Management shall be reported to the Board of Directors of the Company for necessary action.



Appendix I

**PRABHAT TECHNOLOGIES (INDIA) LIMITED  
CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT**

**ANNUAL COMPLIANCE REPORT**

I, ....., .....of **Prabhat Technologies (India) Limited** do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the “**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT** ”during the financial year ending 31st March, 20\_\_.

(Signature)

Name: \_\_\_\_\_

Designation\_\_\_\_\_

Date:

Place:



**Appendix II**

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

**ACKNOWLEDGEMENT FORM**

I have received and read the Company's Code of Conduct for Board Members and Senior Management of Prabhat Technologies (India) Limited.

I have understood the provisions and standards contained in the Code of Conduct and agree to comply with the same.

(Signature)

Name: \_\_\_\_\_  
Designation \_\_\_\_\_

Date:  
Place: