

Manual on

Corporate Governance

CADILA

PHARMACEUTICALS

LIMITED

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Ahmedabad - 382210.**

(Effective from 1st April, 2015)

CADILA PHARMACEUTICALS LIMITED

Corporate Governance Manual

This Draft Manual is prepared with an objective to define the core principles of the internal governing system at CPL - encompassing policies, processes and authorities, and to ensure its strict implementation in order to achieve effective management of the businesses and efficiency in operations. This draft is for discussions purposes only and upon consideration and adoption of these guidelines by the Board of Directors of the Company, this Corporate Governance Manual shall become operational effective April 1, 2015.

The Board of Directors of Cadila Pharmaceuticals Limited endeavours to promote and maintain the highest standards of Corporate Governance at CPL and seek compliance with the guidelines, provisions and/or directions of this Manual and such other guidelines framed, at all times, in letter and spirit.

March, 2015.

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P R E A M B L E

Cadila Pharmaceuticals Ltd. is one of the largest privately held pharmaceutical companies in India, headquartered at Ahmedabad, in the State of Gujarat. Over the last six decades, the company has been developing and manufacturing pharmaceutical products in India and selling and distributing these in over eighty-five other countries around the world.

Focused strongly on Innovation and Research, the company is present in more than forty-five therapeutic areas spread across twelve specialities, including cardiovascular, gastrointestinal, analgesics, haematinics, anti-infective and antibiotics, respiratory agents, antidiabetics and immunological.

At Cadila Pharmaceuticals, Research and Development is at the core of all its initiatives, be it Biotechnology, APIs, Formulations, Plant Tissue Culture or Phytochemistry. More than 300 scientists in its various Research and Development setups reinforce the competitiveness of research in the therapeutic areas which have high unmet medical needs.

Cadila Pharmaceuticals Excellence in manufacturing facilities is central to Cadila Pharmaceuticals. The company's formulations manufacturing plant at Dholka near Ahmedabad, Gujarat is spread over hundred acres of land. This state-of-the-art facility is not only impressive in size, but is also USFDA approved.

The second formulations manufacturing facility is located at Samba in Jammu and Kashmir. The facility meets most of the stringent quality standards across the globe to produce tablets, capsules, soft and hard gelatine capsules, liquids and orals.

Two Active Pharmaceutical Ingredient (API) manufacturing units at Ankleshwar, Gujarat manufacture a wide range of APIs and intermediates including many USFDA-certified products.

The company has strong foothold in the African continent through its formulation manufacturing facility at Addis Ababa in Ethiopia.

To achieve its ultimate goal of maximizing shareholders value, CPL believes that good corporate practices enable the board to direct and control the affairs of the Company in an efficient manner and that the prime responsibility of good governance lies within an organization and not outside.

Corporate Governance at CPL is intended to ensure value creation for all its stakeholders. CPL believes that the governance process must ensure adherence and enforcement of the principles of sound Corporate Governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. The Company is committed to achieve and

maintain highest standards of Corporate Governance and with this view, endeavours to improve in all aspects of Corporate Governance on an ongoing basis. This ‘Corporate Governance Manual’ contains guidelines covering decision making authority levels, the policies and processes which provide an effective and flexible governance framework in the Company realizing the need to ensure an effective mechanism of checks and balances with transparency and accountability as the hall mark.

‘Board is supreme’ in Internal Governance, since it is the collective responsibility of the Board Members to endorse the organisation’s strategy, develop directional policy, supervise the operations of the Company and ensure accountability of the organisation to its owners/shareholders and authorities. Report of SEBI Committee on Corporate Governance defines corporate governance as “the acceptance by management of the inalienable rights of shareholders as the true owners of the Corporation and of the Board and Management as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company.” The definition is drawn from the Gandhian principle of trusteeship and the Directive Principles of the Indian Constitution.

The enclosed policy addresses Corporate Governance in 6 (six) parts:

- Governance Concept, Core Principles and the cornerstones of CPL's governance philosophy.
- Current Governance structure and sets out the roles and responsibilities of the various entities involved in the internal governance process of CPL.
- Transaction-wise authority, delegation of powers at various levels of the corporate governance structure, and the Authority Manual in line with respective roles and responsibilities.
- Control framework in respect of the wholly owned subsidiaries, direct / in-direct subsidiaries and Joint Ventures.
- Current policies relating to Code of Conduct & Ethics, Insider Trading regulations, Whistle Blower Policy and other policies and the guidelines applicable certain processes and/or operations.
- This Corporate Governance Manual and the Policies / guidelines enumerated will be reviewed by the Board of Directors of the Company once a year and as and when felt necessary to ensure its continuing relevance, effectiveness and also to reflect corporate, legal and regulatory developments.

P A R T I

GOVERNANCE CONCEPT

DEFINITION

Corporate Governance is about how, and a systemic process by which, companies are directed, supervised and controlled to enhance their wealth generating capacity by ensuring that the resources are managed in a manner that meets the aspirations of the stakeholders.

It is the acceptance by the Management of the inalienable rights of shareholders as the owners of the corporation and of the Board and Management as trustees on behalf of the shareholders, leading to identifying and implementing a governance structure which specifies distribution of rights and responsibilities among different participants in a Company and spells out the rules and procedures for making decisions on corporate affairs. Transparency about a Company's governance policies is critical and an efficient corporate governance process / structure requires a clear understanding of the respective roles of the Board, Management and their relationship with others in the corporate structure.

CORE PRINCIPLES

Corporate Governance initiative at CPL is based on the following core principles :

- (i) The Board of Directors is responsible for, and has the important role of, overseeing management performance on behalf of shareholders;
- (ii) Management ought to be given freedom to drive the enterprise forward without undue restraints; and
- (iii) Ensure accountability while facilitating effective management of the businesses and efficiency in operations. Clearly define objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations.

CPL believes that any meaningful policy on Corporate Governance must provide empowerment – with a clear objective to perpetuating a successful business and optimizing long-term financial returns - to the Management of the Company, and simultaneously create a mechanism which ensures that the decision making powers vested are used with care and responsibility to meet stakeholder aspirations and societal expectations.

CORNERSTONES

Following cornerstones of CPL's internal governance guidelines emerge from the above definition and core principles of Corporate Governance :

Trusteeship -

Within the framework set by the Companies Act, 2013 the Board represents, and is accountable to, the shareholders of the Company and the Management assists the Board in exercise of its responsibilities. These functions cast responsibility of trusteeship on the Company's Board of Directors and the Management. Collectively the Board and the Management act as trustees to protect and enhance shareholders' value, as well as to ensure that the Company fulfils its obligations and responsibilities to its other stakeholders and to ensure equity.

Fairness & Transparency -

CPL believes that transparency about the Company's governance policy is critical and the spirit of good Corporate Governance encompasses simple tenets of integrity, transparency and fairness in all actions and transactions. It is also believed that transparency must lead to maximum and appropriate disclosures to the stakeholders without jeopardising the strategic interests of the Company. Transparency means openness in the conduct of the business in a manner that will bear scrutiny and the Company's relationship with its employees

Accountability -

An essential element of the core principle of governance is 'accountability' and, to effectively and efficiently discharge their responsibilities all constituents of the Management must have adequate empowerment i.e. the freedom to drive the enterprise forward in line with the corporate structure / organisational hierarchy, potential of the employees and the responsibility thrust. While the Board of Directors are accountable to the shareholders, and the management is accountable to the Board of Directors.

Empowerment coupled with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

Other key elements of good corporate governance principles include honesty, integrity, openness, performance orientation, responsibility, mutual respect and commitment to the organization. Efficient corporate governance requires a clear understanding of the respective roles of the Board and of the senior management and their relationships with others in the corporate structure. Relationships of the Board and management shall be characterized by sincerity, their relationship with employees shall be characterized by fairness and the relationship with government and regulatory authorities shall be characterized by a commitment to compliance in letter and spirit.

P A R T II

GOVERNANCE STRUCTURE

The Board of Directors (the “Board”) believes that the primary responsibility of the directors is to provide effective governance over the Company’s affairs for the benefit of its shareholders. Following the philosophy and core principles of internal governance outlined above, Corporate Governance structure in CPL shall be at the following two levels:

Board of Directors	Policy formulation, review and monitoring;
Board Committees	Review of operations.
Corporate Executive Committee	Oversee major executive responsibilities; Implementation of policies, effectuation of delegated authorities and compliance responsibility

I Board Supervision

Strategic supervision (on behalf of the shareholders) by the Board of Directors - through direction, support and guidance of policies, evaluation of the management and business performance, and seek & ensure accountability from the Executive Management. The Board’s responsibility – individually and collectively – shall cover the following areas for effective and efficient discharge:

Fiduciary duties

Oversight of the Management

Evaluation of business and management performance

Direction and guidance in formulating and shaping policies and business strategies

In supervising and running the affairs of the Company the Board shall collectively have the following prime responsibilities:

Spell out organisational vision, mission and values

Formulate and set strategic direction, approve long-term strategic / business plans, and monitor corporate performance against such plans Review, identification and management of strategic risk

Discharge all non-delegatable statutory responsibilities

Approve financial statements ensuring a true and fair view of the Company's affairs;
Approve appropriate accounting policies and ensure that they are applied consistently

Ensure appropriate mechanisms for senior management succession

Determine and periodically review corporate governance policy/(ies)

Manage shareholder issues particularly to ensure equity among shareholders

Recommend to shareholders, the Board composition and compensation

Adopt policies of corporate conduct and ethics, including compliance with applicable laws and regulations, maintenance of accounting, financial and other controls, and reviewing the adequacy of compliance systems and controls

Evaluate periodically the work and overall effectiveness of the Board and its Committees;

II Management

Within the Board approved framework the Executive Management Team headed by the CEO to ensure strategic management of the Company's businesses, supervise and monitor implementation of business plans, formulate and implement control systems, talent management and risk management policies. The CEO is assisted by a Corporate Management Committee and the Business / Functional Heads will have the freedom to focus on the executive management of the respective areas of responsibility.

The task of governance at the various levels on this structure determines the core roles and responsibilities of the key entities, namely, the Board of Directors, the Chief Executive Officer, the Corporate Management Committee, the Network Operating Officer, and the Business / Functional Heads. The core roles, responsibilities and powers of the key entities at the various levels collectively make up the Corporate Governance structure.

Responsibility of the Executive Management Team headed by the CEO shall include:

Facilitate effective functioning of the Board

Formulate and present for approval annual business plans including objectives and strategies, new channel launches, capex and investments

Ensure implementation of approved Business Plans and other strategic objectives and present the same for review by Board from time to time

Responsible for day-to-day operations of the respective businesses and monitor its efficiency and effectiveness

Formulate organisational and / or business specific policies, systems and processes

Formulate human resources plans and policies, including recruitment, compensation, career and succession planning and human resource development plans – at all levels

Ensure Board is kept informed in a timely manner of all significant developments in relation to all businesses for securing advice, guidance, authorisation and / or decision

Ensure statutory and/or regulatory compliance with business conduct and governance processes.

P A R T III

AUTHORITY AND DELEGATION OF POWERS

POWERS OF THE BOARD - STATUTORY ITEMS

a) Powers exercisable only with consent with shareholders

Sell, lease, transfer or otherwise dispose of any undertakings, business units and/or Channels of the Company;

Remit or give time for repayment of any debt due by a Director;

Borrow in excess of paid-up capital and free-reserves or exceeding limits already approved by the shareholders

b) Other powers

Approve annual, quarterly and half-yearly accounts;

Recommend dividends;

Convene General meetings and take decision on closure of Register of Members for any purpose;

Affixation of Common Seal to any document(s);

Approval of, or changes in, remuneration of Whole-time Director(s);

Sitting Fees payable to Directors;

Monitoring of transactions of or by the Subsidiary(ies) – both direct and indirect and nomination of Director(s) on the Subsidiary(ies)

Formulate and review Risk Management Policy and approve mitigation measures

POWERS OF THE BOARD – OTHER ITEMS

Governance structure, committee formations and delegations of powers;

Policy framework aimed at exercising operational and risk management controls;

Formation or closure of subsidiaries, divisions/branches/units;

Launch of new channels or closure of existing channels;

Adoption of integrated business plans, annual operating & capital/revenue budgets, broad business strategies, etc.

Ensuring statutory, legal and tax compliance

Authorisation for entering in to any kind of transaction – whether normal commercial transaction or otherwise – with any firm / entity / party related to the Promoter Group

Delegation of limits for capital expenditure, acquisition and disposal of assets, borrowings, and investments

Approval of Human Resources Policy – delegation limits, grades and structure of compensation, incentive schemes and stock options

Adoption of CPL Code of Conduct and Insider Trading Code

Change of name or registered office of the Company

Change, purchase, sale, termination of brand name/trade mark, copyrights, and/or any other form of intellectual property;

Entry into or exit from businesses – including acquire, sell, lease, franchise, etc.

Approval of all loan agreements having covenants which deals with or impinge upon composition of Board or equity structure;

Creation of any mortgage, charge, lien, pledge or other encumbrance on any property / asset of the Company

Changes to share capital – the issue or recommendation to shareholders, or authorization of the issue of shares or other securities, delivery or grant of any right, option or other commitment for issue of such instruments

Provisions, extension or renewal of loans in excess of such other limits already delegated;

Incurring of any borrowings or similar obligations (whether actual or contingent and including issue of any convertible debentures or bonds) for payment or repayment of money exceeding such limits already delegated;

Appointments to the Board or the Board Committees;

Recommend appointment, removal or replacement of Statutory Auditors of the Company;

Capital expenditure exceeding Rs. 5 Crore;

Approval of loans or sale of assets to Managers in certain Grade and above;

Approval of all contracts with a contract value of at least Rs. 5 Crores (or such other limits already delegated);

Amendments to constitutional documents;

Initiating, defending or settling any arbitration or litigation or compromising any claim or debt – having value in excess of Rs. 5 Crores;

Permission to use ‘CPL’ Corporate name and/or logo;

For review:

Decisions of the Corporate Management Committee (within the delegated limits)

Guarantee(s) / Undertakings or Comfort Letters provided by the Company from time to time

Accounting policies – for existing and new businesses – including amortization policies,

P A R T I V

SUBSIDIARIES, JOINT VENTURES & ASSOCIATIES

CPL Board has full responsibility in respect of all companies in which it has more than 50% shareholding, decided to regularly review working and strategic decisions of these subsidiaries to ensure that major strategic decisions are taken by these subsidiaries in a manner satisfactory to CPL and for the purpose decided to put in place appropriate mechanism to appoint and/or nominate CPL representatives as Directors and key management functionaries wherever felt necessary and on a need based basis.

The primary responsibility of adoption of Corporate Governance similar to CPL will vest with these representatives and in order to ensure strict adherence of governance norms in these units, every major activity by the said unit must be controlled, monitored and approved by CPL as the Holding Company. The appointments to the Board (and Manager) of the Company, appointment / removal of Auditors, and authorization for establishment of down-stream subsidiaries or overseas companies / offices shall be done only with the prior approval of the CPL Board.

Direct subsidiaries of the Company – where more than 50% shareholding is held by CPL or where 50% shareholding is held by CPL with the Management Control – and Indirect Subsidiaries of the Company – where more than 50% of shareholding is held by any of the direct subsidiary(ies) of the Company must ensure that the following items / issues are presented to the CPL Board – for approval or review - through the Monitoring Committee (which function may be carried out by the current Finance Sub-Committee of the Board) bi-annually, or more frequently as may be required or where relevant prior to its implementation :

1. Governance structure including related delegation of powers.
2. Change or modification to any of the constitutional documents, brand name or logo
3. Entry into / exit from businesses, in any manner whatsoever, including launch of new channels, business entry into new geographical areas, purchase, sale, lease, franchise etc.
4. Business plans including strategies, investments, capex, revenues and profits, borrowings including extensions etc., and review of performance
5. Borrowings of any nature from any party including any Bank or Financial or Credit Institution in any form – in excess of an annual pre-approved limits
6. Any remittance of money – other than to the Holding Company in the ordinary course of business – in excess of certain fixed limit (say equivalent of 50,000 US\$) to any

party within or outside the domicile limits, unless the unit obtains an annual pre-approved party-wise limits specifying the purpose

7. Investment or disinvestment in Equity / Preference capital including those carrying options convertible to equity
8. Provision of any loans or advances, including investments in Debentures & Bonds to individuals / corporates / institutions, other than those made in the normal course of business
9. Issuance of Corporate Guarantees, Letters of Comfort, Letters of Awareness, Corporate undertakings, etc. to or on behalf of any other company / individual / firm or institution.
10. Loan Agreements having covenants which impinge upon composition of the Board or equity structure of the unit or its holding company(ies)
11. Formation, promotion and/or acquisition of new companies, joint ventures, partnerships, including execution of binding MOUs/ agreements to that effect
12. Donations for any purpose exceeding certain value (to be fixed by the Monitoring Committee) in individual value and all donations to political parties
13. Appointment of individuals as retainers or consultants where the total annualised remuneration package exceeds certain value per individual or firm
14. Acquisition of any immovable property
15. Engagement or recruitment at any level of management at the unit level of children / spouses of existing or former managers, including children / spouses of existing or former managers of CPL

In respect of any entity which is not a direct or indirect subsidiary of CPL, depending on the ownership held by CPL or the strategic importance of the unit to CPL, the Board shall form a separate policy for involvement in the governance of the said Company or Unit recognizing that the Boards of these Companies have the right to manage such companies independently in the best interest of these companies and all their shareholders. CPL representative(s) on the Boards of these companies shall function as independent members of these boards, and will at all times exercise independent judgment and application of mind in the interest of all the shareholders including CPL. In order to discharge its responsibilities as a major shareholder in these companies, the CPL Board shall periodically review the performance of these companies and the representative Director shall facilitate such review, and shall also keep the Board advised on matters significantly impacting the performance of these companies.

P A R T - V

CHARTER AND ROLE OF BOARD OF DIRECTORS

Statutory Duties

The Directors are responsible for ensuring compliance with all applicable statutory and regulatory requirements by the Company. To achieve this objective, the Board will require the management apprise or to place before it all the relevant reports, information, and certificates, with supporting documents as applicable to facilitate the Board or its sub-committee. In case any delay or violation or default by the management is observed, the Board may provide necessary direction to the management for taking corrective action and effective compliance.

Fiduciary Duties

Directorships are considered ‘positions of trust’ not strictly defined by any statutory law.

The Board as a whole and the Directors as individuals owe certain fiduciary responsibilities to the Company as an entity and to its stakeholders. Directors are required to act in the best interests of all shareholders / stakeholders of the Company in accordance with the Memorandum and Articles of Association of the Company.

The fiduciary duties of Directors within the framework of law are as under:

Duty of Loyalty to act without conflict and always put the interests of the Company before those of the Individual Directors

Directors should not be influenced by any financial or personal interest in the course of their dealings on behalf of or with the Company. If avoidance is impractical in a given situation then such transactions should be approved by non-interested Directors in a manner that ensures arms length transactions including the right of the non-interested Directors to reject the transaction altogether. Independent Directors must critically review conflict-of-interest transactions.

Duty of Care to take informed decisions

Duty of Care carries personal responsibility and is owed to the Company. Duty of Care demands that each Director must exercise due care and diligence in overseeing the management of the business of the Company. Directors shall collectively and individually, act prudently in discharging their duties.

Directors are expected to attend all Board and Committee meetings. The duty of care requires that a Director acquaints himself with all material information reasonably available (including any alternative to a proposal) before making a business decisions.

Loans to Directors and Executive Officers

The Company shall not make any personal loans or extend any credit to Directors or executive officers except as laid out in the Company's employment rules for executive officers. Section 185 of the Companies Act, 2013 prescribes restrictions on loans as well as guarantees and securities to be given to Directors and their relatives and associates.

Disclosure of CPL Shareholding by Directors

The Company periodically receives disclosures from its Directors on the details of shares of the Company held / acquired / sold by them or by any other person on their behalf. The position of Directors' holdings as at the end of a financial year is incorporated in the Annual Report. The Directors of the Company are required to give disclosure in terms of Section 184 of the Companies Act, 2013.

Ethics and Conflicts of Interest

The Board has approved the "Code of Business Conduct and Ethics for Directors and Senior Management:" of the Company. The Company has also separately adopted the CPL Code of Ethics to effectively aid the employees of the Company to perform their duties.

All the Directors and Senior Executives of the Company are required to adhere to the Code of Conduct as approved by the Company. No Non-Executive Director will provide any personal services to CPL for any compensation, other than in connection with serving as CPL Director, without prior approval of the Board. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Board and the Board shall endeavour to resolve the same. Directors shall not participate in any discussion or decision affecting their personal, business or professional interests.

Current Requirements

Clause 49 I (D) of the Listing Agreement provides that every Company shall have a Code of Conduct for Directors and Senior Management, the code shall *inter alia* encompass the ethics and fair dealing policies of the Company and all Board members and senior management personnel are required to annually confirm compliance with the Code. A declaration to this effect shall be made by the Managing Director and CFO in the Annual Report of the Company.

Board Meeting Procedures

Pre-scheduled Board meetings

The Board meets at least 4 times every year based upon a schedule established at the last meeting of the previous year. At the Board meeting held in the month of January to March every year, the Board approves key issues of strategy, risk, business plan and budget for the next financial year. The Board also approves the schedule of meetings for the next financial year and major items to be discussed at such meetings.

Urgent Board Meetings

Apart from the pre-scheduled Board Meetings, the Company may for the purpose of urgent matters, convene additional Board Meetings at any time during the year. However, such meetings shall be convened only upon justification of the urgency of the subject matter and with the prior approval of the Chairman and in consultation with other Directors.

Selection of Agenda Items for Board Meetings

The Agenda for the Board meeting is decided keeping in mind that the meetings focus primarily on the matters requiring legal / statutory compliance, policy decisions and on items that are truly the Board's responsibility. The following procedure is followed for the selection and finalization of Agenda for Board meetings;

The Secretarial Division sends an advance intimation of the meeting (at least 20 days in advance) to all the other divisions requesting for submission of items to be considered in the next Board meeting.

Respective divisions send the details, in writing, with respect to the items required to be placed at the next Board meeting along with supporting documents to facilitate meaningful discussion and deliberations at the Board meetings. The following minimum details are required to be furnished.

- * Brief introduction on the proposal to be placed before the Board;
 - * Need and justification of the proposal;
- * Relevant legal and statutory provisions applicable to the matter;
 - * Advantages / implications of the proposal;

- * Proposed execution timings;
- * Cost-benefit analysis;
- * Delegation of authority, if any, proposed and the particulars of the executives in whose favour authorization are sought.

Preparation of draft Agenda: Based on the proposals received from the various departments, the Secretarial division prepares the draft Agenda (12 days before the meeting), which includes the following:

- * Draft notice and Agenda of the Meeting;
 - * Draft notes on Agenda;
 - * Supporting documents to the Agenda;
- * Draft resolutions to be passed by the Board for each item of the Agenda;
 - * Draft intimation to the outside agencies (eg: stock exchanges)

Clearance of Agenda by the Managing Director: After preparation of the draft Agenda, the Company Secretary, shall at least 7 days before the Board meeting, discuss with the Managing Director, the specific Agenda items for the meeting.

The Managing Director determines the nature and the format in which information shall be provided regularly to the Directors before each scheduled Board meeting. Directors are encouraged to make suggestions for Agenda items, or additional pre-meeting materials.

Post internal clearance, the Notice and Agenda papers are circulated to the Directors, at least 7 days in advance. All material information will be incorporated in the Agenda to facilitate meaningful discussion at the meeting. Where details with respect to an item on the Agenda cannot be sent in advance due to confidentiality reasons, the same shall be placed on the table at the Board meeting with the prior approval of the Chairman. Reference to tabling of details at the meeting will be made in the corresponding Agenda item.

Any Board member including Independent Directors may request for inclusion of any matter in the Agenda for a particular Board meeting if he so desires. In the event such a suggestion is made, the particular item will be necessarily included in the Agenda. The Board members can send such requests 2 weeks in advance of the Board meeting. In the

event of an urgency, the items could be considered, even if sent later, with the approval of the Chairman.

Board Presentations

Materials on presentations proposed to be made at the meetings are sent to the Board members in advance to enable focused discussion on key issues. In case where the subject matter is price sensitive or otherwise confidential, the presentation is directly made at the meeting.

Guidelines for tabling of items at Board meetings

Tabling of items at Board meetings is generally discouraged. Only in special circumstances or for items of extreme confidential nature and where immediate decision is required, the senior management may table additional items for discussion with the permission of the Chairman.

Quorum, voting rights, manner of attendance and other procedures

It is expected that each Director will make every effort to attend each Board meeting. Attendance in person is preferred but attendance by tele / video conference is permitted, if necessary. However, such attendance is not counted for quorum purposes.

Each Director is expected to have carefully reviewed all materials distributed in advance of the meeting, be prepared to participate meaningfully in the meeting, and to discuss all scheduled items of business at the meeting. The proceedings and deliberations of the Board are confidential. Each Director will maintain the confidentiality of information received in connection with his or her service as a Director.

Recording of Dissent at Board Meetings

The Directors are expected to actively participate in the discussions of the Board and express their free and frank opinion. If any Director expresses his dissent, he should be able to present his views at the Board and after discussions, the view of all the Directors including dissent, if any, should be recorded in the minutes.

Preparation of minutes, circulation and ratification

Within 10 days after the Board meeting, the Secretarial department shall prepare draft minutes of the proceedings of the Board meeting and submit to the Chairman of the meeting for his approval.

The draft minutes shall then be circulated to all the Directors within 15 days of the meeting for their comments. Comments / suggestions received from the Directors will be appropriately incorporated. The final minutes shall thereafter be recorded in the minute's book within 30 days of the meeting.

The minutes shall be placed before the Board in the next meeting for noting and shall be duly signed.

Issuing certified copies of resolutions / minutes

The Secretarial department shall issue certified copies of the resolutions passed or extracts of the minutes of Board meetings, as and when required by any other division to enable them to take appropriate steps in the matter.

P A R T VI

CURRENT GOVERNANCE POLICIES

The Board has framed the following policies relating to

™ Code of Conduct & Ethics,

™ Whistle Blower Policy

and other policies / guidelines applicable certain processes and/or operations and these policies are reviewed from time to time. On need basis, the modifications to the said policies are approved and updated.

In addition, the Board may consider framing a policy on appointment of Statutory Auditors covering all aspects including their evaluation and independence, remuneration, etc. as per the criterion and guidelines in force.

Members may seek any additional information or document they deem necessary before taking any decisions.

Duty to act in good faith in accordance with the Company's codes and policies and the best governance practices

The duty of good faith requires that the Directors ensure that all the necessary processes are followed to arrive at decisions which are in the best interest of the Company.

Application of Fiduciary Duty Principles

The Directors must follow the following principles in fulfilling their fiduciary responsibilities:

- * Directors should keep themselves informed of all matters related to the Company and its business affairs;
- * Directors should always act collectively as a Board, or as they are specifically authorized by the Board and its Committees;
- * Directors should attend and participate in meetings as far as possible;
 - * Directors should ask question or voice their concerns, if any;
 - * Directors are responsible for their decisions on any given matter;

- * Directors should not disclose confidential information unless expressly authorized to do so by the Board or its Committees or as may be required in the course of dealings on behalf of the Company;
- * Directors should disclose their personal and business interest on any matter placed before the Board and abstain from voting on such matters;
- * Board's decision should be reflected through its minutes and the Directors should assure that:

Board Structure

Size of the Board

The Company Secretary assists the Board in determining the optimum Board size at any point of time within the legal framework. It is believed that its present 8 member size is adequate, given the Company's current scale of operations and desired competencies of the Board members.

- * The Listing Agreement does not specify any minimum or maximum size of the Board.

Definition of what constitutes Independence for Directors

For a Director to be considered Independent, the Board should determine that the Director does not have any direct or indirect material pecuniary relationship with the Company

The Company obtains an undertaking from every Independent Director confirming that they meet the requirements of an Independent Director as per Section 149(6) of the Companies Act, 2013 and the Board also considers all relevant facts and circumstances including that of persons or organizations with which the Director has an affiliation, in forming an opinion as to the independence of the concerned Director(s).

In order to avoid any conflict of interest, the Board discourages any kind of transaction, material or not, with its independent members. In case the Company is required to enter into such a transaction with a Director or any person associated with him, the Board follows a strict procedure as laid down in its policy for "Code" of Business Conduct and Ethics for Directors and Senior Management" of the Company to ensure that the transaction is at arm's length and in the best interest of the Company.