
PROYUGA ADVANCED TECHNOLOGIES LIMITED

Code of Conduct of Independent Directors

1) Definition and Interpretation of Independent Director:

I. "Independent Director in accordance with the provisions of Section 149(6) of Companies Act, 2013 is defined as hereunder:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or Directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives—
 - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or Directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
 - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
- (e) who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - A. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - B. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (i) holds together with his relatives two per cent. or more of the total voting power of the company; or
- (ii) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

2) Manner of Appointment:

ProYuga Advanced Technologies Limited (the “Company”), shall engage Independent Directors as per the provisions of Companies Act, 2013.

1. The Nomination and Remuneration Committee shall recommend the appointment of an independent director to the Board of Directors. The Board of Directors may approve the same. Appointment of every independent director shall be approved by Members of the Company by way of resolution passed in the General Meeting.
2. 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.
3. The appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the NRC and 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.
4. The term of appointment of an Independent Director (ID) of the Company is for a period 5 consecutive years from the date of his/her appointment. An Independent Director shall not be liable to retire by rotation.
5. An independent director may be selected from a databank maintained by a body/authority notified by the Central Government (currently, the Indian Institute of Corporate Affairs (IICA)).
6. This databank contains names, addresses, and qualifications of persons eligible and willing to act as independent directors.
7. The appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013.
8. Every independent director shall, at the first meeting of the board in which he participates

as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in Companies Act and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

9. The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:
 - (a) the term of appointment;
 - (b) 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;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (e) the list of actions that a director should not do while functioning as such in the company; and
 - (f) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
10. The directors may be requested to be a Member / Chairman of any one or more Committees of the Board which may be constituted from time to time.

3) Manner of Reappointment

1. Re-appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board of Directors (the "Board") and of the shareholders by way of special resolution.
2. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.
3. No independent director shall hold office for more than two consecutive terms. However, an independent director shall be eligible for re-appointment after a gap of three years from the date they cease to hold office.
4. Any vacancy shall be filled by the Board at the earliest Board meeting or within three months, for the remainder of the term.

4) Professional Conduct:

An Independent Director shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising his/her duties;
- (c) exercise responsibilities in a bonafide manner in the interest of the Company;
- (d) devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
- (e) not allow any extraneous considerations that may vitiate his/her 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/her 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 could lead to a loss of his/her independence;
 - (h) ensure that if circumstances arise which make an independent director lose his/her independence, the independent director must immediately inform the Board accordingly;
 - (i) assist the Company in implementing the best corporate governance practices.

5) 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;
- constructively contribute to the development of the Company's strategy and oversee the performance of the management in meeting agreed goals and objectives;
- bring an objective view in the evaluation of the performance of the Board and management and scrutinize the performance of management in meeting agreed goals, objectives, and reporting requirements;
- 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, and balance the conflicting interests of various 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 in succession planning;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- ensure that the Board as a whole is collectively responsible for ensuring the success of the Company by directing and supervising its affairs.

6) Duties:

An Independent Director shall:

- undertake the appropriate induction into the Board and regularly update and refresh his/her skills, knowledge and familiarity with the Company;
- seek appropriate clarification and where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- strive to attend every meeting of the Board and of the Committee of Directors of he/she is a member;
- actively and constructively participate in the Board/committee meetings in which he/she is chairperson or member;
- strive to attend general meetings of the Company;

- ensure that any concerns that he/she may have about the running of the Company or a proposed action are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- keep himself/herself well informed about the Company and the external environment in which it operates;
- not unfairly obstruct the functioning of an otherwise proper Board or Committee meetings;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions are considered and assure themselves that the same are in the interest of the Company;
- 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 Conducts and Ethics;
- act within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- not disclose any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosures are expressly approved by the Board or required by law;
- 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.
- not assign his/her office and any assignment so made shall be void.

7) Confidentiality

Independent Directors will maintain highest standards of confidentiality and not disclose to any person or company (whether during the course of the Appointment or at any time after termination) any confidential information concerning the Company with which they come into contact by virtue of their position as a Non-Executive Independent Director of the Company.

If any confidential information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

On expiry of the term of Appointment of Independent Directors, Company expects Independent Directors to return to the Company all books, document, papers and other property of or relating to the business of the Company which is in their possession, custody or power by virtue of their position as a Non-Executive Independent Director of the Company.

8) Performance Evaluation of Independent Directors:

The Nomination and Remuneration Committee shall lay down the evaluation criteria for performance

evaluation of independent directors. The performance evaluation of independent directors shall be done annually by the entire Board of Directors excluding the director being evaluated. 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.

9) Separate meetings of the Independent Directors:

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 the management. All the independent directors of the Company shall strive to be present at such meetings. The independent directors in the meeting shall, inter-alia:

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, if any, taking into account the views of executive directors and non-executive directors;
- 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.

10) Training of Independent Directors:

It is the duty of independent directors to undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.

11) Fees:

A company may pay a sitting fee to its independent directors for attending meetings of the Board or its Committees, in accordance with Section 197(5) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Such sitting fees shall not exceed Rs.1,00,000 per meeting and shall not be less than the fees payable to other directors. Independent directors shall also be reimbursed for reasonable travel and out-of-pocket expenses, including conveyance, food, and incidentals, incurred while attending such meetings. Profit-related commission may also be paid within the limits permitted under Section 197, subject to shareholders' approval. All remuneration shall be in accordance with the policy formulated by the Nomination and Remuneration Committee.

12) Memberships of other Boards:

It is expected that an Independent Director will not serve on the Boards of competing companies.

13) Disclosures, other directorships and business interests:

During the Term, they agree to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Board and the Company Secretary.

During their Term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, at the first meeting of the Board in every financial year and upon any change in circumstances which may affect their status as an Independent Director.

14) Changes of personal details:

During the Term, they shall promptly intimate the Board of Directors or the Company Secretary (wherever appointed) and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

15) Disengagement:

They may resign from the directorship of the Company by giving a notice in writing to the Company, stating the reasons for resignation along with a confirmation that there are no other material reasons for resigning apart from those mentioned in the notice. The resignation shall take effect from the later of: (i) the date on which the notice is received by the Company, or (ii) the date, if any, specified by the director in the notice. The director may also withdraw the resignation at any time **before the effective date of resignation** or before the Company receives the resignation notice, whichever is later.

Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term subject to compliance of relevant provisions of the 2013 Act upon:

- Violation of any provision of the Code of Conduct;
- Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the Companies 2013 Act.
