

**TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS:**

The terms and conditions of appointment of the following Independent Directors are subject to the extant provisions of the (i) applicable laws, including the Companies Act, 2013 (**'2013 Act'**) and Clause 49 of the Listing Agreement (as amended from time to time) and (ii) Articles of Association of the Company:

1. Mr. Omprakash Venkatswamy Bundellu
2. Mr. Ashok Sinha
3. Mr. Soundararajan Bangarusamy
4. Mrs. Seemantinee Khot

The broad terms and conditions of appointment of Independent Directors of the Company are reproduced hereunder:

**1. Appointment:**

The appointment will commence from the date mentioned in the resolution passed by the Board of Directors or the shareholders of the Company as the effective date of appointment and the appointment shall remain valid for the period mentioned in such resolution subject to a maximum period of 5 years or the Director attaining the age of 75 years, whichever is earlier ("**Term**"). The Company may disengage Independent Directors prior to completion of the Term subject to compliance with relevant provisions of the 2013 Act.

As Independent Directors, they will not be liable to retire by rotation. Reappointment 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 and the shareholders. Reappointment would be considered based on the outcome of the performance evaluation process and the Director continuing to meet the independence criteria.

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 and shall be guided by the terms of reference of such Committee(s).

The appointment constitutes neither a contract for services nor a service contract. There will be no relationship of employer and employee as a consequence of appointment as a Director of the Company.

**2. Role, duties and responsibilities:**

- A. As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
- Requirements under the 2013 Act,
  - “Responsibilities of the Board” as outlined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and
  - Accountability under the Directors’ Responsibility Statement.
- B. They shall abide by the ‘Code For Independent Directors’ as outlined in Schedule IV pursuant to Section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including Section 166) and in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- C. They are particularly requested to provide guidance in their area of expertise.
- D. Independent Directors will be held liable only in respect of such acts of omission or commission by the company which have occurred with their knowledge attributable through Board processes, and with their consent or where they have not acted diligently.

**3. Time Commitment:**

They agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director to arrive at an independent judgment in shaping key decisions, strategies, performance and risk evaluations affecting the Company.

**4. Remuneration:**

As Independent Directors, they shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are Members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

In addition to the sitting fees, commission as may be determined by the Board may also be payable to them. In determining the amount of this commission, the Board supported by the Nomination and Remuneration Committee may consider the performance of the Company and their performance as evaluated by the Board.

Further, the Company may pay or reimburse to the Directors such expenditure, as may have been incurred by them while performing their role as Independent Directors of the

Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

**5. Insurance:**

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the Term of their appointment, subject to the terms of such policy in force from time to time.

**6. Prabhat Code of Conduct:**

As Independent Directors of the Company, they agree to comply with the Prabhat Code of Conduct for Directors and Senior Management.

Unless specifically authorised by the Company, they shall not disclose the Company and business information to constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

The Independent Directors agree that both during and after the term of appointment, they will not use for their own or for another's benefit or disclose or permit the disclosure of any confidential information relating to the Company, its subsidiary or any group or associate companies of the Company, which they may acquire by virtue of their position as Independent Directors, including without limitation, any information about the deliberations of the Board. The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term) become available to the public generally.

Their obligation of confidentiality shall survive cessation of their respective directorships with the Company.

The provisions of both, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Prabhat Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders or use of unpublished price sensitive information, would be applicable to the Independent Directors.

Additionally, they shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

All Directors are required to sign a confirmation of acceptance of and having abided by the Prabhat Code of Conduct for Directors and Senior Management as adopted by the Board on an annual basis.

**7. Training and Development:**

The Company may, if required, conduct formal training program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

**8. Performance Appraisal / Evaluation Process:**

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

**9. Disclosures, other directorships and business interests:**

During the Term, Independent Directors are expected not to take up directorship in any company engaged in the same or similar businesses as that of the company or in a Company, business or undertaking which competes or is likely to compete with the Company or which could otherwise potentially give rise to a conflict with their duties with the company. In the event that the Independent Directors become aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairperson and the Company Secretary.

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.

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

During the Term, an Independent Director shall not serve as:

- (A) an Independent Director in more than 7 listed companies. However, in case they are serving as a whole time Director in any of the listed company, then they can become an Independent Director of not more than 3 listed companies.
- (B) a Committee member of more than 10 Committees (i.e. Audit Committee and Stakeholders' Relationship Committee) or act as a Chairperson of more than 5 such Committees.

**10. Change of personal details:**

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

**11. Disengagement:**

They may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by them in the notice, whichever is later.

Their directorship on the Board of the Company and membership of the Committees 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 Prabhat Code of Conduct as applicable to NEDs,
- Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the 2013 Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Upon termination or upon resignation for any reason, no remuneration will be payable in respect of unexpired portion of the term of appointment.

**For Prabhat Dairy Limited**

**Sd/-**

**Sarangdhar R. Nirmal**  
**Chairman & Managing Director**