CORPORATE GOVERNANCE FRAMEWORK ON — DISCLOSURE OF INTEREST AND RECUSAL

1. OBJECTIVE

The objective of this Framework is to establish a transparent, robust mechanism for identification, disclosure, management and documentation of actual, potential and perceived conflicts of interest involving Directors and Key Managerial Personnel of the Company.

The Framework seeks to ensure integrity of decision-making, protection of stakeholder interests, compliance with applicable laws and adherence to the highest standards of corporate governance, transparency, accountability and fiduciary responsibility.

This Framework shall operate in addition to and not in derogation of the provisions of the Companies Act, 2013, Secretarial Standards issued by the Institute of Company Secretaries of India, applicable DPE Guidelines, Vigilance Guidelines and directions issued by the Government of India from time to time.

2. REGULATORY FRAMEWORK

This Framework is based upon and shall be read in conjunction with:

(a) Section 166 of the Companies Act, 2013 relating to duties of Directors;

(b) Section 184 of the Companies Act, 2013 relating to disclosure of interest by Directors;

(c) Section 174 of the Companies Act, 2013 relating to quorum and participation of interested Directors;

(d) Secretarial Standard-1 (SS-1) on Meetings of the Board of Directors, specifically clauses relating to disclosure of interest, participation of interested Directors, quorum and recording of minutes;

(e) Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE), Guidelines issued by the Central Vigilance Commission (CVC) and relevant instructions issued by the Administrative Ministry;

3. PRINCIPLES GOVERNING CONFLICT OF INTEREST

For the purposes of this Framework, conflict of interest may be actual, potential or perceived.

(a) Actual Conflict

A situation where a Director's or KMP's personal, financial, professional, institutional, fiduciary or family interest, whether direct or indirect, conflicts or competes with, or is capable of influencing, the independent and objective discharge of his/her duties in the best interests of the Company.

(b) Potential Conflict

A situation where a conflict of interest may reasonably arise in the future due to an existing or proposed relationship, position, association, affiliation, financial interest or fiduciary obligation that may influence, or be perceived to influence, the independent exercise of judgement in the interests of the Company.

(c) Perceived Conflict

A situation where a reasonable and informed third party, having knowledge of the relevant facts and circumstances, may reasonably conclude that the objectivity, independence or judgement of a Director or Key Managerial Personnel could be influenced by personal, financial, professional, institutional, fiduciary or family considerations.

Mere allegation, speculation or unsupported perception shall not by itself constitute a conflict of interest.

In case of doubt regarding the existence of a conflict of interest, the matter shall ordinarily be resolved in favour of disclosure and transparency.

4. CATEGORIES OF INTEREST

CATEGORY A – STATUTORY AND COMMERCIAL INTERESTS

A person shall be regarded as interested in where he/she has direct or indirect interest in any contract, arrangement or transaction with a body corporate where the Director or his relative is a director, holds more than 2% shareholding, or acts as a promoter, manager, or CEO.

Transactions with a firm/entity where the Director or his relative is a partner, owner, or member.

CATEGORY B: INSTITUTIONAL & INSTITUTIONAL-SUPPORT INTEREST

Where a director holds an honorary, advisory, or executive office bearer role (e.g., President, Chairman, Secretary, Trustee, Governing Council Member) in an external association, trade body, Professional Institutions, chamber of commerce, NGO, educational institution etc.

Conflict Trigger: This framework explicitly activates whenever such an external body requests, receives, or bids for sponsorships, financial grants, CSR funding, or institutional support from the Company.

De Minimis Exception: If a director is a mere "ordinary member" of an industry body without holding any governing, board, or executive office-bearer rights, active recusal from standard corporate sponsorship approvals is not required.

5. PRINCIPLE OF VOLUNTARY DISCLOSURE

Where a Director is uncertain whether a particular circumstance constitutes a conflict of interest, the Director shall disclose the facts to the Company Secretary, and such disclosure shall be placed before the Board wherever considered necessary.

6. FOUR-STAGE RECUSAL PROTOCOL

STAGE 1 – IDENTIFICATION AND DISCLOSURE

Annual Disclosure

Every Director shall submit Form MBP-1 at the first Board Meeting of every financial year.

In addition, every Director shall annually disclose any position, office, association, affiliation, fiduciary responsibility or other interest, whether held in a personal, professional, institutional or representative capacity, which may reasonably be expected to give rise to an actual, potential or perceived conflict of interest.

Event-Based Disclosure

Any change occurring during the year shall be disclosed promptly and in any case before consideration of the relevant agenda item.

STAGE 2 – PRE-MEETING REVIEW

The Company Secretary shall:

- review MBP-1 disclosures;
- examine agenda items against disclosed interests;
- identify potentially interested persons; and
- advise the Board regarding recusal requirements.

STAGE 3 – RECUSAL DURING THE MEETING

General Rule

An Interested Director shall:

- disclose the nature of interest;
- abstain from participation in deliberations;
- abstain from influencing the decision-making process;
- abstain from voting; and
- comply with recusal requirements prescribed herein.

Physical Meetings/ Virtual or Hybrid Meetings

The Interested Director shall recuse himself/herself from the relevant agenda item and shall not participate in its discussion, deliberation or voting.

Chairperson’s Conflict

Where the Chairperson is interested in relation to a particular agenda item, he/she shall recuse himself/herself from deliberations on that item and the remaining Directors shall nominate one among themselves to preside over consideration of such agenda item.

Quorum

Quorum shall be determined in accordance with Section 174 of the Companies Act, 2013 and Secretarial Standard-1 after excluding Directors required to recuse themselves in relation to the concerned agenda item.

Non-Influence Obligation

An Interested Director shall not attempt to influence, directly or indirectly, any Director before or during deliberation of the relevant matter.

STAGE 4 – RECORDING AND DOCUMENTATION

The Company Secretary shall ensure that disclosures and recusals are appropriately recorded in the Minutes.

The Minutes shall clearly record:

- nature of interest disclosed;
- withdrawal from deliberations;
- non-participation in discussions;
- non-participation in voting;
- quorum determination; and
- rejoining of the meeting, wherever applicable.

7. APPLICABILITY

This Framework shall apply to:

- Directors including Independent Directors;
- Key Managerial Personnel;

8. MODEL MINUTES ENTRY

"Mr./Ms. _____ declared his/her interest in Agenda Item No. ___ pursuant to Section 184 of the Companies Act, 2013 and the Company's Conflict of Interest and Recusal Framework. The Interested Director disclosed the nature of interest and withdrew from deliberations on the agenda item. The Director did not participate in discussions, was not involved in the decision-making process and did not vote on the resolution. The Director was excluded for determination of quorum in respect of the said item and rejoined the meeting after conclusion of deliberations."

9. RESIDUAL AUTHORITY

Any situation involving conflict of interest, disclosure or recusal not specifically addressed under this Framework shall be determined by the Board, the Chairperson of the Meeting or the concerned Committee, as applicable, in a manner consistent with:

- the Companies Act, 2013;

- Secretarial Standards; and
- Any other applicable Guidelines/Instructions issued by the Government / Statutory Authorities;

10. REVIEW OF FRAMEWORK

The Committee of Functional Directors may review, amend or modify this Framework from time to time.

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