

## **POLICY FOR TRAINING OF BOARD MEMBERS**

### **I. Background:**

1. Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises in the year 2010 mandates that as per Clause 3.7 of the said Guidelines, the company shall undertake training program for its new Board Members (Functional, Government Nominee and Independent) in the business model of the company including risk profile of the business of company, responsibility of respective Directors and the manner in which such responsibilities are to be discharged and they shall also be imparted training on Corporate Governance, Model Code of business Ethics and Conduct applicable for the respective Directors.

### **II. Objective:**

1. At MIDHANI, we strongly believe that learning is a continuous process. Training and development is given utmost importance at MIDHANI across all levels. The Board of Directors being the apex decision making body and collectively responsible for corporate governance and success of company in the organizational structure of MIDHANI requires continuous training to timely update and prepare themselves for efficiently and effectively discharging their functions. Training programs will enable them in meeting the highest standards of corporate governance and ethical conduct and help in establishing an effective Board as an effective board is central to good governance
2. The objective of the Training Policy for Board Members is to familiarize and make the Board Members conversant with the business model of the Organization, risk management, their duties / responsibilities towards all stakeholders, to ensure compliance with all applicable statutory laws, manner in which the responsibilities are to be discharged with reference to Corporate Governance and to apprise them with latest Government guidelines for transparent business dealings.
3. The policy also aims at providing the Board Members with timely updates on changes/proposed changes in legislation affecting directors and developments in global best practices in corporate governance. It further aims at updating the Board members on their responsibilities pertaining to disclosures in financial statements from both the legal and best practice standpoints and to impart understanding of financial analysis, risk assessment and management and capital cost and investment to allow meaningful contribution in boardroom discussions.
4. The training of the Board members is basically aimed at apprising them with statutory / legal requirements, Government guidelines, etc., to imbibe good Corporate Governance practices in the administration and management of the Company's affairs.

### **III. Appointment of Directors :**

1. In terms of Articles of Association of the Company, the President of India appoints the Directors for such tenure and on such terms and conditions as is indicated in the letter of appointment issued by the Ministry of Defence, Department of Defence Production.
2. The Board of Directors of the Company consists of senior personnel, who are functional Directors, Independent Directors and Nominee of the Government of India.

### **IV. Training of Directors :**

1. The training requirements of the different categories of the Directors vary in view of their qualification, experience, nature of appointment / nomination on the Board and their training needs to be structured accordingly.
2. The training to different categories of Directors will be provided as under :

#### **(a) General :**

- (i) As a measure of ongoing training, the Board Members shall be updated on business related matters such as Finance, Marketing, Company's performance, HR, Technical, Risk Assessment and Minimization Procedures, Government Guidelines etc. and new initiatives proposed by the Company through presentation and written material at the meeting of the Board of Directors or Committee thereof.
- (ii) The Board Members will continue to be updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic environment.
- (iii) Board Members shall be provided information in relation to the industry in which company operates.

#### **(b) Specific Requirement :**

- (i) In relation to the Functional Directors on the Board of the Company, the Directors will be regularly updated with the training requirements on various issues through seminars, conference, workshops organized by Government Agencies / Professional Organization / Institutions from time to time as also updating, changes and modification provided internally by the Company on various departments of the Company.
- (ii) In relation to the Government Nominees on the Board of the Company, training requirements are normally met internally by the Government of India coupled with the information provided by the Company on all other matters mentioned above. There may not be any further training

requirements of the nominees, however, any specific requirement will be addressed on case to case basis.

- (iii) In relation to the Independent Directors on the Board of the Company, need based training of the appointees shall be provided through the training programs organized by Government Organizations / Professional Institutions.

(c) **Period of Training / Requirement :**

- (i) The training provided to the Board Members shall be for a period of at least three days after their appointment on the Board or as amended from time to time.
- (ii) The Company will also provide various training opportunities on “need felt” basis to its Board Members which will help serve the Board members to broaden their knowledge base in adopting the practice of good Corporate Governance and to enable them to carry out more effectively their duties / responsibilities towards Company and its stakeholders.

The Board of Directors may review this Policy as and when required, and also review it based on the directions, if any, from the Government.

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