



# **XTGLOBAL INFOTECH LIMITED**

**(Formerly Frontier Informatics Limited)**

## **CODE OF CONDUCT OF BOARD OF DIRECTORS**

## **Preamble**

Directors are appointed by Shareholders to manage the Company on their behalf and to act for their benefit and in the interests of the Company. Accordingly, Directors have a fiduciary relationship with the Company. Their fiduciary duties arising from such relationship are akin to those of a trustee, and they are expected to display utmost good faith in their dealings on behalf of the Company or with the Company. They are also not expected to use any of the Company's assets or information relating to its business, which may come to their control or possession in order to gain any advantage to themselves at the cost of the Company or its shareholders.

In addition to their fiduciary duties, Directors owe a duty of care to the Company not to act negligently in the management of its affairs, the standard of care being that of a prudent and reasonable man looking after his own affairs.

These fiduciary duties and the duty of care however are towards the Company comprising the shareholders collectively as a corporate body and not to any shareholder individually.

## **Code of Conduct**

Based on the above principles the Directors of XTGlobal Infotech Limited (Formerly Frontier Informatics Limited). ('the Company') are expected to observe the following Code of Conduct :-

### **1. Disclosure of Interest and Avoidance of Conflict of Interest**

A Director has a duty to disclose his direct or indirect interest in relation to any contract or arrangement or proposed contract or arrangement entered into or to be entered into by the Company. For this purpose he is required to make a general disclosure of interest every year giving a list of companies and firms in which he shall be deemed to be interested indicating his nature of interest, with changes, if any, notified to the Board from time to time. In addition, except with the prior consent of the Board, a Director or a firm in which such Director is a partner, or a private company in which such Director is a member or director, shall not enter into any contract with the Company having monetary implications.

Directors shall inform the Board of Directors of the Company before accepting any position of influence or of pecuniary interest including directorship in any other organisation whose business is in direct competition with that of the Company.

### **2. Investment in Shares of the Company/Code for prevention of Insider Trading**

A Director is required to disclose his investments in the Company and in its holding company or subsidiary, if any, and changes therein, if any, from time to time.

Directors shall not deal in the Company's securities on a short-term basis. They have to accept that they are not at all times free to deal in the Company's securities and they are bound by the Company's 'Code of Conduct for Prevention of Insider Trading'.

**3. Not to make secret profit**

A Director shall not make any secret profit out of his position. If a Director receives information on a potential business opportunity in his capacity as a Director of the Company he shall not use that opportunity for his own purpose.

**4. Confidentiality**

Directors shall keep confidential and not divulge directly or indirectly any information (except what is in the public domain) relating to the Company, its intellectual properties, its business and its customers/vendors which they have become aware of in the course of their directorship either by knowledge derived in the course of participation in Board Meetings/Committee Meetings or from papers circulated to them as Director. Directors shall not also make use of such information for any purpose other than for the benefit of the Company

**5. Not to contract individually**

A Director shall not act on behalf of the Company with any party or commit himself on behalf of the Company in regard to any arrangement or contract of a binding nature, unless specifically authorised by the Board in that behalf.

**6. Voting**

When a Director exercises his voting right as a shareholder at any general meeting of the Company he is free to vote in his own best interest like any other shareholder. However, when a Director votes as a Director in any Board Meeting or Committee Meeting he does so in his fiduciary capacity and is bound to vote not in his own personal interest but in what he considers to be the best interest of the Company.

**7. Employee Directors**

A Wholtime Director who is an employee of the Company shall, in addition to the above, be bound by the terms and conditions of his employment with the Company. He has to wholeheartedly devote his time and attention to the affairs and business of the Company within his remit and has to ensure all legal compliances on behalf of the Company in the area of work for which he has been made responsible.

**8. Code of Conduct for Independent Directors**

The Independent Directors shall also comply with the Code of Conduct for Independent Directors which is laid down in Appendix I to this Code.

## Appendix 1

### CODE FOR INDEPENDENT DIRECTORS (SCHEDULE IV TO THE COMPANIES ACT, 2013)

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

- I. Guidelines of professional conduct: An independent director shall:
  - (1) uphold ethical standards of integrity and probity;
  - (2) act objectively and constructively while exercising his duties;
  - (3) exercise his responsibilities in a bona fide manner in the interest of the company;
  - (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
  - (5) not allow any extraneous considerations that will vitiate his 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;
  - (6) not abuse his 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;
  - (7) refrain from any action that would lead to loss of his independence;
  - (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
  - (9) assist the company in implementing the best corporate governance practices.
  
- II. Role and functions:

The independent directors shall:

  - (1) 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;
  - (2) bring an objective view in the evaluation of the performance of board and management;
  - (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
  - (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
  - (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
  - (6) balance the conflicting interest of the stakeholders;
  - (7) 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;
  - (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### III. Duties:

The Independent Directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) 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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

### IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
  - i. the term of appointment;
  - ii. 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;
  - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;

- iv. provision for Directors and Officers (D and O) insurance, if any;
  - v. the Code of Business Ethics that the company expects its directors and employees to follow;
  - vi. the list of actions that a director should not do while functioning as such in the company; and
  - vii. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - i. review the performance of non-independent directors and the Board as a whole;
  - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - iii. 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.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.