

# Terms and Conditions of Appointment of Independent Directors

[Pursuant to the provisions of Schedule IV and Sec. 149 of Companies Act, 2013]

The broad terms and conditions of appointment of Independent directors are reproduced hereunder:

## **Appointment:**

The appointment as an Independent Director on the Board is commencing on < effective date> for a period of < terms of appointment> and terminating in accordance with the Company's constitution or by law.

## **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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 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;
- balance the conflicting interest of the 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;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## **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.

All directors are expected to take decisions objectively in the interests of the Company. The board as a whole is collectively responsible for the success of the Company. All directors, whether non-executive or executive, have the same general legal responsibilities.

#### **Re-appointment:**

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

#### **Remuneration**

The board determines the level of remuneration paid to its non-executive members within any limitations imposed by shareholders or applicable laws. Currently, you will be paid a basic fee of Rs. NIL.

The Company will reimburse you for all direct and indirect expenses such as toll calls, accommodation and travelling expenses, reasonably and properly incurred and documented.

#### **Committee Involvement**

Board committees are formed when it is efficient or necessary to facilitate effective decision-making.

This letter refers to your appointment as a director of the Company. In the event that you are also asked to serve on one or more board committees this will be addressed by a separate process and ensuring that you are aware of the committee's terms of reference and the responsibilities involved.

## **Board and Individual Director Evaluation Processes**

The performances of the board as a whole, its committees and individual directors are evaluated annually. If, in the meantime, there are any matters which cause you concern about your role you should discuss them with the Chairman of the board as soon as appropriate.

## **Outside Interests Including Directorships**

It is accepted and acknowledged that you may have business interests other than those of the Company. Please contact the Company Secretary as soon as possible to arrange for your interests as a shareholder, director, officer or trustee of other companies or entities to be entered in the Company's interests register. The interests register is tabled at each directors' meeting. Please ensure that the Company is kept informed of any changes to your interests so that the interests register can be maintained up to date.

Any director is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the Company's business and does not materially interfere with their performance as a director of the Company. All other appointments must first be discussed with the Chairman before being accepted.

## **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.

## **Induction and Development Processes:**

As soon as practicable the Company will provide a comprehensive induction programme aimed at broadening your understanding of the Company, its business, and the environment and markets in which it operates. As part of the programme you will meet key management.

All directors are expected to remain current on how to best discharge their responsibilities as directors of the Company including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

## **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.

**Access to Independent Professional Advice:**

All directors are entitled to obtain independent professional advice relating to the affairs of the Company or to their responsibilities as directors. If, in your own case, you consider such advice is necessary, you should first discuss it with the Chairman. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but you should ensure, so far as is practicable, that it is reasonable.

You are strongly urged to obtain a copy of the relevant policy from the Company Secretary and satisfy yourself as to the suitability and extent of the cover.

**Confidentiality:**

All information acquired during your appointment is confidential to the Company and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.