

APPOINTMENT OF  
INDEPENDENT DIRECTOR

## **TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR**

### **1. Manner of selection of Independent Directors**

- a) Subject to the provisions contained in sub-section (6) of section 149, Companies Act, 2013(ACT), an independent director shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by anybody, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank and put on their website for the use by the company making the appointment of such directors:
- b) Provided that responsibility of exercising due diligence before selecting a person from the data bank referred to above, as an independent director shall lie with the company making such appointment.
- c) The appointment of independent director shall be approved by the company in general meeting as provided in sub-section (2) of section 152 of ACT and the explanatory statement annexed to the notice of the general meeting called to consider the said appointment shall indicate the justification for choosing the appointee for appointment as independent director.
- d) The data bank referred to in sub-section (a), shall create and maintain data of persons willing to act as independent director in accordance with such rules as may be prescribed.
- e) The Central Government may prescribe the manner and procedure of selection of independent directors who fulfill the qualifications and requirements specified under section 149 of ACT.

### **2. Tenure of appointment**

- a. An independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.
- b. Notwithstanding anything contained in sub-section (a), no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director
- c. Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

### **3. Disclosure**

Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every

financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence

#### **4. Expectations of the Board/Role and functions**

As a Non-Executive Independent Director, you are expected to devote such time as may be considered prudent and necessary to perform your duties as an independent Director. You are expected to attend the meetings of the Board/ Committees of the Board, to which you may be appointed and of the Shareholders and to devote such time to your duties, as appropriate to discharge your duties effectively. The Board generally meets at least four times in a year and the Audit Committee and Stakeholder Relationship (Shareholders' / Investors' Grievance) Committee also meets at least four times in a year. Besides, there are other Committee meetings like Nomination & Remuneration Committee which are ordinarily convened as per requirements.

You as an 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 yourself 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.

#### **5. Duties**

You will devote such time to discharge your duties as an **Independent Director** as specified in Code of Independent Director under Schedule IV of the Companies Act 2013 as reproduced below:

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 you are a member;
4. participate constructively and actively in the committees of the Board in you are a member;
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 behavior, 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, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **6. Board-level Committee(s)**

You may also be get appointed on the following Committees of the Board:

- A. Audit Committee
- B. nomination and remuneration Committee
- C. Stakeholders relationship Committee
- D. Corporate social Responsibilities Committee

You are required to perform your duties as members of the aforesaid committee(s) in accordance with the terms of reference and respective charters of the said committees. In the event that you are also asked to serve on one or more of the other Board committees, this will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

(This is subject to Amendment/ Modification)

## **7. Code of Conduct**

During the Appointment you are required to comply with the Company's Code of Conduct and such other requirements as the Board of Directors may from time to time specify.

## **8. Induction and Development**

The Company shall, if required, conduct formal induction program for its Independent Directors. The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business as per Familiarisation Programme for Independent Directors.

## **9. Actions not to be undertaken**

During your tenure as Independent Director on the Board of Company you shall not:

- indulge in unethical practices accept any extraneous considerations that will vitiate the exercise of objective of independent judgment
- abuse your 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;
- indulge in any action that would lead to loss of your independence;

## **10. Separate Meeting**

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

## **11. Status of Appointment**

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid setting fees as per the provisions of Section 197 (5) of Companies Act, 2013 and rules thereof for meetings of the Board and its Committees as may be decided by the Board from time to time. Further, you will also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time within the limits as provided in Section 197 of the Companies Act, 2013.

## **12. Conflict of Interest**

It is accepted and acknowledged that you have disclosed your business interests in writing in the prescribed form other than those of the Company and that there are no conflicts that are apparent at present.

In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to both the Chairman and the Secretary.

### **13. Confidentiality**

You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company which has come to your possession by virtue of your position as Independent Director.

### **14. Evaluation mechanism:**

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

### **15. Publication of the letter of appointment**

In line with provisions of Code of Independent Director under Schedule IV as specified in Companies Act, 2013, the Company will make public this Letter on its website.

### **16. Termination**

- a) You may resign from your position at any time and should you wish to do so, you are requested to serve a written notice on the Board.
- b) Notwithstanding other provisions of this Letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) of the Companies Act, 2013 or on occurrence of any event for vacation of office of Director of the Company as provided under Section 167 of the Companies Act, 2013. You will not be entitled to compensation if the shareholders do not re-elect you at any time.

### **17. General**

This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with Companies Act, 2013, Securities Exchange Board of India Regulations and the other applicable laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts in India.

Please confirm your agreement to the above by signing and returning to us the enclosed duplicate of this Letter.