

## **Terms and Conditions for Appointment of Independent Director**

Pursuant to section 149(6) of the Companies Act, 2013 Independent Directors shall be appointed with the following Terms and Conditions:

<b>Sl. No.</b>	<b>Requirement under Section 149 (6)</b>
1.	A person of integrity and possesses relevant expertise and experience
2.	Who is not a promoter of the Company, or its holding, subsidiary or associate company.
3.	Who is not related to promoter or director in the Company, its holding, subsidiary or association company.
4.	Who has or had no pecuniary relationship with the company, its holding, subsidiary or association company during two immediately preceding financial year or during the current financial year.
5.	None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.
6.	Who, neither himself nor any of his relatives— <ol style="list-style-type: none"><li>1. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;</li><li>2. is or has been an employee or proprietor or a partner, in any of the three financial year immediately preceding the financial year in which he is proposed to be appointed of- (a) A firm of auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding Company, subsidiary or associate Company or (b) any Legal or consultant firm that has or had any transaction with the Company its holding Company, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of the Company.</li><li>3. Holds together with his relatives two per cent or more of the voting power of the Company or,</li></ol>

	<p>4. Is a chief executive or director, by whatever name called of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company any of its promoters, Directors or its holding Company, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company or</p> <p>5. Who possesses such other qualification as may be prescribed in rules.</p>
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**Pursuant to Schedule IV of the Companies Act, 2013 Independent Director(ID) shall be appointed with the following Terms and Conditions:**

**Professional Conduct for Independent Director.**

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.

## **Roles and Functions**

- (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.

## **Duties**

- (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.

**Manner of appointment:**

- ID shall be Independent of the Company Management, there should be a appropriate balance of skills, experience and knowledge.
- The appointment letter shall be formalized through a letter of appointment which set out:
  - o Terms of appointment, expectation of the Board, fiduciary duties along with the liabilities, provision for Directors and Officers insurance (if any), the Code of Business Ethics, Remuneration, periodical fees, reimbursement of expenses and profit related commission.
  - o Re-appointment
  - o Resignation or Removal
  - o Separate Meeting of IDs.
  - o Evaluation Mechanism