



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

### **Terms and conditions of appointment of Independent Directors of the Company**

(Pursuant to the provisions of Schedule IV to the Companies Act, 2013 ("the Act") and Regulation 17 (5) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) ("SEBI LODR")

**The broad terms and conditions of their appointment as Independent Directors are reproduced hereunder:**

#### **1. APPOINTMENT**

The appointment as an Independent Director (ID) on the Board will be effective from **(date of appointment)**, for a period of **(terms of appointment)**.

The appointment is in compliance with provisions of Section 149(13) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015; Independent Directors are not liable to retire by rotation.

Re-appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders by way of a special resolution. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria as envisaged in SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

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 Regulation 16(1) (b) of SEBI LODR or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.

#### **2. BOARD COMMITTEE**

The Board may, if it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. Their appointment on such Committee(s) will be subject to the applicable regulations. They are expected to attend Board, Board Committees, to which they may be appointed and Shareholders' meetings and to devote such time to their duties as deemed appropriate for discharge of their duties effectively. Ordinarily all meetings are held in Delhi, unless determined otherwise. Recommendations/Minutes of the Meetings of the Committees are submitted to the Board for approval.

#### **3. ROLE, DUTIES AND RESPONSIBILITIES**

As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which includes:

- The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his/her duties, comply with the requirements of Section 166 and Schedule IV to the Companies Act, 2013 ("the Act").
- Obligations with respect to independent directors as envisaged in SEBI LODR Regulation 25.
- Accountability under the Director's Responsibility Statement.
- The role and duties of Independent Directors will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and SEBI LODR. There are certain duties prescribed for all Directors, both Executive and Non-Executive.



- Independent Director to be held liable only in respect of such acts of omission or commission by the Company which have occurred with his/her knowledge, attributable through Board processes, and with his/her consent or where Independent Director has not acted diligently.

#### **4. CODE OF CONDUCT FOR INDEPENDENT DIRECTORS**

The Independent Directors will follow the Code of Conduct of the Company and furnish annual affirmation of the same. They will apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company including any subsidiary or associate thereof with which they come into contact by virtue of their position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

As per the provisions of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 (as enclosed), which inter-alia prohibits disclosure or use of unpublished price sensitive information. They should not make any statement(s) that might risk a breach of the requirements specified under the said statute unless the same is required under any law or the same is required for the purpose of compliance of any direction, order, etc. issued/given by any judicial authority. Additionally, they shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

The Independent Director will be required to abide by the guidelines as to professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act as set out in **Annexure-I**.

#### **5. TIME COMMITMENT**

By accepting the appointment, the Independent Director confirms that he / she will be able to allocate sufficient time to perform his/her duties as a director and attend meetings of the Board or any committee thereof. In addition to such attendances, Independent Director will be expected to devote appropriate preparation time ahead of each meeting.

#### **6. STATUS OF APPOINTMENT AND REMUNERATION**

- Independent Directors will not be employees of the Company and their appointment letter shall not constitute a contract of employment. They may be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board.
- Independent Directors have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

#### **7. TRAINING AND DEVELOPMENT**

The Company may, if required, conduct formal training program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

#### **8. DISCLOSURE OF OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

- During their Term, Independent Directors agree to promptly notify the Company of any change in their directorships, Committee positions and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as



Independent Directors of the Company, they shall promptly disclose the same to the Managing Director and the Company Secretary.

- During their Term, Independent Directors agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI LODR, upon any change in circumstances which may affect their status as an Independent Director.

#### **9. CHANGES OF PERSONAL DETAILS**

During the Term, Independent Directors shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

#### **10. PERFORMANCE APPRAISAL / EVALUATION PROCESS**

As a member of the Board, their performance shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

#### **11. TERMINATION**

Their Directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, their Directorship may be terminated for violation of any provision of the Code of Conduct of the Company. They may resign from the Directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by them in the notice, whichever is later. If, at any stage during the term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, they fail to meet the criteria for "independence" under the provisions of provided in SEBI LODR under clause (b) of sub-regulation (1) of regulation 16 they agree to promptly submit their resignation to the Company with effect from the date of such change.

#### **12. SITTING FEES**

The independent Directors may be paid such remuneration by way of sitting fees for meetings of the Board and its Committees, if so decided by the Board.

#### **13. CONFLICT OF INTEREST**

It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition to appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment. In the event that 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 judgment that they are independent, this should be disclosed to both the Managing Director and the Company Secretary.

#### **14. COOPERATION**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on their part during their Term, they agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.



## **Annexure -I**

### **CODE OF CONDUCT FOR INDEPENDENT DIRECTORS**

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. act within their 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. 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.
3. 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:
  - a) the term of appointment;
  - b) 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;
  - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d) provision for Directors and Officers (D and O) insurance, if any;
  - e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the company; and
  - g) 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 three months 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 financial 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:
  - 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

**VIII. Evaluation mechanism:**

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