

## **TERMS & MANNER OF APPOINTMENT OF INDEPENDENT DIRECTOR AND CODE OF CONDUCT**

### **PART A: TERMS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

The terms and conditions of appointment of Independent Directors are subject to the extant provisions of the following:

- (i) Applicable laws, including the Companies Act, 2013 ('2013 Act') and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 here after called (LODR) (as amended from time to time) and
- (ii) Articles of Association of the Company.

The broad terms and conditions for appointments of Independent Directors of the Company are reproduced hereunder:

#### **APPOINTMENT**

The appointment of a Director as an 'Independent Non-Executive Director' on the Board of Directors of the Company is subject to the provisions of the Act read with the rules framed thereunder and LODR.

Further, the appointment shall be approved by the shareholders at the general meeting of the company.

The appointment of independent directors shall be formalised through a letter of appointment.

The term of appointment will be for an initial term of 5 consecutive years and will be eligible for re-appointment for a further period of 5 consecutive years, unless terminated earlier

An Independent Director will not be liable to retire by rotation and may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time

#### **ROLES, DUTIES AND RESPONSIBILITIES**

- A. As members of the Board, Independent Director along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
  - Requirements under the 2013 Act,
  - "Responsibilities of the Board" as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under LODR,
  - Accountability under the Director's Responsibility Statement,
  - Various codes and policies adopted/to be adopted by the Company and communicated to the Board Member; and
  - Such other responsibilities as may be communicated from time to time
- B. The other roles, duties and responsibilities have been given separately under "Code of Conduct for Independent Directors"

### **TIME COMMITMENT**

The Independent Directors agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.

### **REMUNERATION**

As Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

Further, the Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company

### **DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

During the Term, Independent Directors shall agree to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. Independent Director 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 Chairman and the Company Secretary.

During their Term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, upon any change in circumstances which may affect their status as an Independent Director.

### **PERFORMANCE APPRAISAL/ EVALUATION PROCESS**

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each Director shall be done by all the other directors.

The criteria for evaluation shall be disclosed by the Nomination and 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.

### **LIABILITY**

As Independent Directors, they will be liable in respect of such acts of omission or commission by the Company, which had occurred with their knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently.

## **DISENGAGEMENT**

Independent Director 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. Their directorship on the Board of the Company shall cease in accordance with law.

The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the Act) upon:

- Violation of any provision of the Code of Conduct for all Board Members and Senior Management
- Upon the Director failing to meet the criteria for independence as envisaged in Section 149(6) of the 2013 Act and LODR.

## **PART B: 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.

(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 :

(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. 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