

Terms and Conditions of Appointment of Independent Directors

1. Terms of Appointment

The terms of appointment of an independent directors will be in accordance with the provisions of the Companies Act, 2013 and rules thereunder.

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that during the said period of three years, the Independent Director shall not be associated with the Company in any capacity, either directly or indirectly, which may affect his/her independence

As a Non-Executive and Independent Director, they will not be liable to retire by rotation. Their appointment is subject to the following:

- a. During their tenure as a Non-Executive and Independent Director, they will have to submit a declaration at the beginning of every Financial Year under Section 149(7) of the Act, Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of the SEBI (LODR) Regulations stating that they meet the criteria of Independence and other applicable declarations under the Act, SEBI (LODR) Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2018 and other applicable laws.
- b. They shall not hold office as a Director or act as a Chairperson or committee member in excess of the limit stipulated under the Act and the SEBI (LODR) Regulations.
- c. They will ensure that they do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
- d. They will ensure compliance with other provisions of the Act including the Code of Independent Directors as stipulated under Schedule IV of the Act and SEBI (LODR) Regulations as a Non-Executive and Independent Director and adhere to other applicable statutory policies of the Company.
- e. Their re-appointment at the end of the first term shall be based on performance evaluation report and the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Board and the Shareholders.

2. Board and Committees of the Board

The Board may, if it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Their appointment on such Committee(s) will be subject to the applicable provisions of the Act and SEBI (LODR) Regulations.

The Board meets at least four times in a year. The Audit Committee also meets at least four times in a year. The meetings pertaining to other committees of the Board namely, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee including Independent Directors Meetings, shall be held pursuant to the applicable provisions of the Act and SEBI (LODR) Regulations.

They will be expected to attend the meetings of the Board and its Committees to which they may be appointed and Shareholders meetings and to devote such time to their duties in commensurate with their role to discharge their duties effectively.

3. Duties and Responsibilities

As a Non-Executive and Independent Director, it is expected that they shall bring independent view to the Board's discussions and help the Board exercise informed and independent judgment in relation to all business decisions. They shall also assist the Board with valuable guidance in relation to the Company's plan and policy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance.

As a Non-Executive and Independent Director, they have the same responsibilities to the Company and its stakeholders as any other Director. There are certain duties prescribed in Section 166 of the Act for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

They shall act in accordance with the Company's Articles of Association.

- a) They shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company and other stakeholders.
- b) They shall discharge their duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
- c) They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- d) They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their
- e) relatives, partners or associates.
- f) They shall not assign their office as Director and any assignments so made shall be void.

4. Conflict of Interest

As a Non-Executive and Independent Director, they shall not engage in any business relationship or activity which might conflict with the interest of the Company.

In case of any potential conflict of interest, they must at the earliest opportunity make full disclosure of all facts and circumstances and shall ensure that Company's interests are protected.

5. Code of Business Conduct & Ethics

They shall abide by the Code of Conduct for Board members and Senior Management Management Personnel of the Company which is applicable to all the members of the Board and Senior Management personnel of the Company.

6. Dealing in Shares

They will also abide by the Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate relatives (**Insider Trading Code**) of the Company prohibiting disclosure or use of unpublished price sensitive information. Consequently, they should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Company Secretary.

7. Sitting Fees/ Remuneration

As a Non-Executive Independent Director, they shall be entitled to such sitting fees, remuneration, commission and/or other benefits, if any, as may be determined by the Board of Directors from time to time, subject to the applicable provisions of the Companies Act, 2013 and other applicable laws, rules and regulations.

The Company shall also reimburse them for reasonable travel, hotel and other incidental expenses actually incurred by them in connection with the discharge of their duties and responsibilities as an Independent Director, in accordance with the Company's applicable policies.

8. Confidentiality

As a Non-Executive and Independent Director, they must apply the highest standard of confidentiality and not disclose to any person or company (whether during the course of appointment or following cessation) any confidential information concerning the Company, which they may have acquired in the course of their role as an Independent Director.

They shall not disclose or release any confidential information, which they may acquire or come across during their appointment to any third parties, either during their appointment or following cessation (by whatever means) without prior clearance from the Chairperson unless the same is required by law or by the rules of any stock exchange or regulatory authorities.

9. Training/ Familiarization

The Company shall from time to time provide them with suitable training sessions to familiarize with the company, including briefing from the management, nature of the industry in which the company operates, business model of the company, etc. They are kindly requested to attend the same.

10. Performance Evaluation

- a) As a Non-Executive and Independent Director they should strive to attend at least one meeting of the Independent directors in a year, without the presence of Non-Independent Directors and members of the management team.
- b) The Company have the policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairperson of the Board. The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Their re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

11. D & O Insurance

The Company has in place an appropriate Directors' and Officers' Liability Insurance policy. It is intended to maintain such insurance cover for the Term of their appointment and shall be maintained for all the actions taken by them while discharging their role as independent director even after expiry of their term.

12. Liabilities

- a) Though the Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner, in their capacity as an Independent Director they will be held liable in respect of such acts of omission or commission by a company which had occurred with their knowledge, attributable through Board processes and with their consent or connivance or where they have not acted diligently.
- b) Any breach of duties specified or expected from them as an Independent Director may expose them to penal consequences as specified under the Act, or any applicable law in force.

13. Disclosure of Concern/Interest:

The Company is required to disclose in its Annual Report, a note of any material interest that a director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record their interest appropriately and our records are updated. A general notice in the prescribed format shall be submitted to the company for their interest in any contracts with a particular person, firm or the company.

14. Termination:

- a) They may resign from their position at any time and should they wish to do so, they are requested to serve a reasonable written notice on the Board.
- b) Their appointment may also be terminated in accordance with the applicable provisions of the law.

Annexure A

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) 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.

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) 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:

(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.