



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

### **TERM OF APPOINTMENT**

In accordance with the provisions of the Companies Act, 2013 ("**CA 2013**") and other applicable laws, appointment as an Independent Director ("**ID**") shall be for an initial term of five consecutive years.

### **ROLE, DUTIES AND LIABILITIES**

The role, duties and liabilities as an ID shall be governed by the CA 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), which shall include the following:

- (1) Subject to the provisions of the CA 2013 and the SEBI Listing Regulations, ID shall act in accordance with the Articles of Association of the Company;
- (2) ID 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 interests of the Company, its employees, the shareholders, the community and for the protection of environment;
- (3) ID shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- (4) ID shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;
- (5) ID shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates;
- (6) ID shall not assign his office of Director of the Company and any assignment so made shall be void;
- (7) ID shall provide necessary disclosures in compliance with the CA



2013 and the SEBI Listing Regulations including disclosure of his interest, if any, in a contract or arrangement or proposed contract or arrangement, in which he may be directly or indirectly interested;

- (8) ID shall ensure adherence to the guidelines, roles, functions, duties and responsibilities as prescribed in the Company's Code of Conduct for Directors and Senior Management and the Code of Conduct to Regulate, Monitor and report Trading by Designated Persons. Copy of the said Codes shall be provided to the ID for his reference;
- (9) In addition, ID is expected to provide his expertise, professional guidance and independent views in relation to the Company's goals and objectives, strategic deliberations and decisions, Company's performance, financial / internal controls, risk management and shall ensure high standards of corporate governance;
- (10) ID may be required to serve on one or more Committee(s) of the Board.
- (11) ID will be provided with the relevant terms of reference upon induction to any such Committee.

## **REMUNERATION**

During the period of appointment, ID shall be entitled for sitting fees for attending meetings of the Board and its Committee(s) either personally or through video conferencing or other audio visual means, as may be approved by the Board from time to time, subject to the ceiling prescribed under the provisions of the CA 2013. Presently, the sitting fees paid for attending Board and Audit Committee meeting(s) is Rs. 50,000/- per meeting and other Committee(s) (except Stakeholders' Relationship Committee) meeting(s) is Rs. 20,000/- per meeting.

Based on the recommendation, if any, of the Nomination and Remuneration Committee and approval of the Board of Directors and shareholders (if required) of the Company, commission based on profits, as per



limits laid down in CA 2013, may also be paid to ID.

Any payment for services of professional nature which are rendered by ID to the Company shall be paid separately under a separate arrangement in compliance with the CA 2013 and the SEBI Listing Regulations.

#### **PERFORMANCE EVALUATION**

As a member of the Board, the performance as ID shall be evaluated on an annual basis, by the Board (i.e., by other members of the Board excluding ID being evaluated). Such evaluation shall be done on the basis of the evaluation criteria as per the Nomination and Remuneration Policy.

#### **DIRECTORS AND OFFICERS (D&O) INSURANCE**

The Company has taken D & O insurance policy for its Directors and Officers. It is intended by the Company to maintain such Policy for the entire term of ID, subject to the terms and conditions of the Policy.

#### **RESIGNATION/ TERMINATION**

ID shall be entitled to resign from his position at any time. In case ID wish to do so, he shall send a reasonable written intimation to the Board.

The directorship of ID is not subject to retirement by rotation. However, his office as a Director shall become vacant in accordance with Section 167 of the CA 2013. *[Provisions of Section 167 of the CA 2013 are attached as Annexure 1]*

#### **CONFIDENTIAL INFORMATION**

Any confidential information which may come to the knowledge of ID in the performance of his duties as a Director of the Company must not be divulged, except so far as he may be liable to disclose under any law in force.

**167. Vacation of office of director:**

{1} The office of a director shall become vacant in case-

- (a) he incurs any of the disqualifications specified in section 164;  
[Provided that where he incurs disqualification under sub section 2 of section 164, the office of the director shall become vacant in all the companies, other than the company which is in default under that sub section.]
- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:  
Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;
- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

{2} If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in subsection (1), he shall be punishable with imprisonment for a term which may extend to one year or with



fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.

{3} Where all the directors of a company vacate their offices under any of the disqualifications specified in sub-section (1), the promoter or, in his



absence, the Central Government shall appoint the required number of directors who shall hold office till the directors are appointed by the company in the general meeting.

{4} A private company may, by its articles, provide any other ground for the vacation of the office of a director in addition to those specified in sub-section (1).

#### **164. Disqualifications for appointment of director**

(1) A person shall not be eligible for appointment as a director of a company, if:

- (a) he is of unsound mind and stands so declared by a competent court;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending;
- {d} he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:  
Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
- (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- (f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last



preceding five years; or

(h) he has not complied with sub-section (3) of section 152.

(i) he has not complied with the provisions of sub section 1of section 165.

(2} No person who is or has been a director of a company which-

(a) has not filed financial statements or annual returns for any continuous period of three financial years; or

(b) has failed to repay the deposits accepted by it or pay interest



thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or *more*, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

Provided that where a person is appointed which is default of clause (a) or clause (b), he has not incurred the disqualification for a period of six months from the date of his appointment.

{3} A private company may by its articles provide for any disqualifications for appointment as a director in addition to those specified in sub-sections (1) and (2).

Provided that the disqualifications referred to in clauses (d), (e) and (g) of sub-section (1) shall continue to apply even if the appeal or petition has been filed against the order of conviction or disqualification.