

Terms and Conditions of appointment of Independent Directors

[Pursuant to the provisions of Schedule IV to the Companies Act, 2013 (“the Act”)]

The broad terms and conditions of appointment of Independent Directors are stated hereunder:

A. Appointment and Term thereof

- The appointment as an Independent Director on the Board will be for a consecutive period of 5 years unless terminated earlier or extended as per the provisions of the appointment letter or applicable laws.
- The Independent Director will not be liable to retire by rotation. The Company has adopted the provisions with respect to appointment and term of Independent Directors, which is consistent with the Companies Act, 2013 (the “Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015).
- The Independent Director shall provide a declaration that he/she meets the criteria of being appointed as an Independent Director of the Company in terms of the provisions of Section 149 of the Act and rules made thereunder from time to time and Regulation 25(8) read with Regulation 16(1)(b) of SEBI Listing Regulations, 2015 and he/she shall be on yearly basis, declare that he/she meets the criteria of being appointed as an Independent Director. In case of happening of any event, if the Independent Director ceases to meet the eligibility criteria for Independent Director, he/she shall promptly inform the Company of the same and shall cease to become an Independent Director of the Company.

B. Appointment on the Board Committee(s)

- The Board of Directors of the Company may, if it deems fit, and in compliance of various laws applicable on the Company, invite any Independent Director for being appointed in one or more existing Board Committees or Board Committees that will be set up in the future.
- The Independent Directors are expected to attend Board meetings, Board Committees meetings, to which he/she may be appointed or invited as an invitee and Shareholders’ meetings and to devote such time as deemed appropriate for discharge of his/her duties effectively. Ordinarily all meetings are held at the Corporate Office of the Company, unless decided otherwise.

C. Role, Duties and Responsibilities

The roles and functions of the Independent Directors shall be guided as per the Code for Independent Directors and they are expected to discharge their duties, roles and functions as stated under Schedule IV to the Act, as in force and as may be amended from time to time. While performing such duties, roles and functions, they will be required to abide by the ‘Guidelines of Professional Conduct’ as stated under the said Schedule.

Broadly, the roles, duties and responsibilities of the Independent Directors are stipulated as under:

- Help in bringing an independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, financial and operational control, resources, key appointments and standards of conduct;
- Bring an objective view in the evaluation of the performance of Board and Management;
- Scrutinize the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;
- Ensure integrity of financial information and that financial control and the systems of risk management are robust and defensible;

- Safeguard the interests of all stakeholders, particularly the minority shareholders;
- Balance the conflicting interest of the stakeholders;
- 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 Director, Key Managerial Personnel and Senior Management.

Independent Directors shall have following duties-

- Facilitate Company's adherence to high standards of ethics and corporate behavior.
- Guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, if any.
- 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.
- Strive to attend all meetings of the Board of Directors & of the Board committees and participate constructively & actively in the committees of the Board in which he/she is a Chairperson or Member.
- Strive to attend the general meetings of the Company.
- Guide the Board in monitoring and managing potential conflicts of interest of management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions and assure themselves that the same are in the interest of the Company.
- To raise concerns about the running of the company or a proposed action and ensuring that these are addressed by the Board and, to the extent that they are not resolved, insist that the concerns are recorded in the minutes of the Board meeting.
- Ascertain and ensure that the Company has an adequate & 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.
- Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct.
- Keep himself/herself well informed about the company and the external environment in which it operates.
- Not disclosing confidential information including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information unless such disclosures is expressly approved by the Board or required by law.

There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act.

D. Remuneration and Reimbursement of Expenses

The Independent Directors shall be paid the following amounts:

- (a) Sitting fees of INR 1,00,000 (Indian Rupees One Lakh only) for attending each meeting of the Board, to the Chairperson of the Board/Meeting.
- (b) Sitting fees of INR 70,000 (Indian Rupees Seventy Thousand only) for attending each meeting of the Board.
- (c) Sitting fees of INR 35,000 (Indian Rupees Thirty- Five Thousand only) for attending each Committee meeting.

The Board or Nomination and Remuneration Committee of the Company may from time to time amend the Sitting fees for Board Members.

Further, the Company may pay or reimburse the Independent Directors such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company and any other fee subject to the provisions of the Act and as per the Company's policy as amended from time to time.

E. Directors & Officers (D&O) Insurance

The Company has maintained D & O liability insurance in accordance with the applicable provisions of Articles of Association of the Company, to pay for the personal liability of the Directors for claims made against them while serving on the Board of the Company and it is intended that the Company will assume and maintain such cover for the full term of their appointment.

F. Performance Appraisal / Evaluation Process

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and the Directors on an annual basis. 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.

An indicative list of factors that may be evaluated as a part of this exercise is:

- Participation and contribution of the Independent Director,
- Commitment (including guidance provided to senior management outside of Board /Committee meetings),
- Effective deployment of knowledge and expertise,
- Effective management of relationship with stakeholders,
- Integrity and maintenance of confidentiality
- Independence of behaviour and judgment, and
- Impact and influence.

G. Code of Conduct / Excluded Actions

The Independent Directors shall follow the Code of Conduct of the Company and furnish annual affirmation of the same. They shall 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 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 Chairperson of the Board.

In accordance with the SEBI (Prohibition of Insider Trading) Regulation, 2015, which inter-alia prohibits disclosure or use of unpublished price sensitive information. The Independent Directors 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.

H. Induction and Development

The Company shall, if required, conduct formal induction program for its Independent Directors.

The Company shall, as may be required, support Independent Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business.

I. Disclosures, other directorships, and business interests

During their term, the Independent Directors shall 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. They shall also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Company.

They shall not hold substantial interest or be interested as a director or as a guarantor in any bank (this includes all Scheduled Banks-Public Sector, Private and Foreign and Payments banks, Regional Rural bank and Co-operative Banks) or be director of subsidiaries/trustees of mutual funds/venture capital funds.

During the term, they shall promptly intimate the Company and Registrar of Companies (wherever required) in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

J. Termination

The Directorship of the Independent Directors 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 in the notice, whichever is later.

If at any stage during their term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act or is applicable, they fail to meet the criteria for "Independence" under the applicable provisions of SEBI Listing Regulations, 2015, they should promptly submit their resignation to the Company with effect from the date of such change.

K. Cooperation & Confidentiality

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on the part of Independent Directors during their term, they shall render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company. Further, all information acquired during their appointment is confidential (including commercial secrets, technologies, advertising and business promotion plans, unpublished price sensitive information, etc.) to the Company and should not be released, either during their appointment or after termination of appointment (by whatever means) to third parties without prior clearance from the Chairperson of the Board unless required by law or by the rules of any stock exchange or regulatory body.