

The terms of appointment of Independent Director, are subject to the extant provisions of the (i) applicable laws, including the Act (as amended from time to time) and (ii) Articles of Association of the Company.

## **1. Appointment**

Appointment as an Independent Director of the Company shall be for a consecutive term of [ ] years with effect from [ ], subject to the approval of shareholders. This tenure is subject to he/she meeting the criteria of being an Independent Director and not being disqualified to be a Director under the applicable laws as may be amended from time to time. An Independent Director shall not be liable to retire by rotation.

Re-appointment at the end of the term shall be based on the approval of the shareholders, basis the recommendation of the Board. Re-appointment would be considered/recommended based on the outcome of the performance evaluation process and director continuing to meet the independence criteria.

Independent Director 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.

## **2. Roles, duties and responsibilities**

- A. As a member of the Board, Directors, will be collectively responsible for meeting the objectives of the Board which include:
- Requirements & Responsibilities under the Act,
  - Responsibilities of the Board of Directors under applicable laws,
  - Accountability under the Director's Responsibility Statement, and
  - Additional responsibilities of the Board from time to time.
- B. Independent Director shall abide by the 'Code for Independent Directors' as outlined in Schedule IV of the Act, Code of Conduct for Board Members and Senior Management, as adopted by the Board and perform the duties of a Director as provided in the Act, including but not limited to Section 166 of the Act. Further, the same has been set out in **Annexure A** to this letter.
- C. Independent Director will provide guidance in his/her area of expertise.

## **3. Time Commitment**

Considering the nature of the role of a Director, it is difficult for the Company to lay down specific parameters on time commitment. Independent Director agrees to devote such time as is prudent and necessary for the proper performance and discharge of the role, duties and responsibilities as an Independent Director.

#### **4. Remuneration and Expenses**

Independent Director, shall be paid sitting fees for attending the meetings of the Board. The sitting fees for attending each meeting of the Board would be as determined by the Board from time to time.

In addition to the sitting fees for attending meetings of the Board, Independent Director may be entitled to remuneration by way of commission as per applicable provisions of the Act. In determining the amount of commission, the Board, may consider performance of the Company and of the individual as evaluated by the Board. Payment of commission would be based on:

- Number of meetings attended
- Role and contribution as member of the Board
- Role and contribution as chairman / member of the Committee
- Overall contribution and time outside meetings.

Independent Director will be reimbursed for all approved expenses incurred by them while performing their role as an Independent Director of the Company.

#### **5. Directors' Insurance**

Independent Director has a right to be indemnified for certain liabilities arising from his/her conduct or duties as a Director. The Company maintains Directors & Officers Insurance for Board members and meets all premiums. The Company will fully indemnify the Director except in cases of fraud or deliberate and willful violation/breach.

#### **6. Company Policies**

Independent Director of the Company is expected to act at all times in accordance with the Company's Articles of Association and comply with the Company's Code of Conduct for Board of Directors and Senior Management, Code of Conduct for Prevention of Insider Trading in the securities of the Holding Company, corporate policies and procedures that relate to the role as a Director covering such areas as corporate governance, privacy and travel. Company's Code of Conduct for Board of Directors and Senior Management and the Code of Conduct for Prevention of Insider Trading in the securities of the Company are attached as **Annexure B & Annexure C** respectively.

Unless specifically authorised by the Board, Independent Director shall not disclose information regarding company and its business to constituencies including the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

## **7. Training and Development**

The Company, shall, if required, conduct programs, from time to time, as deemed fit for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members;
- Company's vision, strategic direction, core values, ethics and corporate governance practices;
- Familiarization with financial matters, management team and business operations; and
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company, as may be required, may 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. Disclosures, other directorships and business interests**

To enable compliance with the applicable regulations, Independent Director is required to make certain disclosures related to and/or which might affect his/her role as a Director. These include:

- Promptly notify the Company of any change in directorships and provide such other disclosures and information as may be required under the applicable laws;
- Giving notice to the Board of any relevant or material personal interest or conflict in relation to the affairs or business of the Company;
- Promptly advising details of any interests, or changes thereto, in the Company's securities.

The Code of Conduct for Prevention of Insider Trading in the securities of the Holding Company lays down provisions in respect of securities trading and his/her obligations to the Holding Company.

During the Term, Independent Director agrees to promptly provide a declaration under Section 149(7) of the Act confirming that he/she meets the criteria of independence as provided in Section 149(6) of the Act and that he/she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge duties with an objective independent judgment and without any external influence. This declaration shall be submitted at the beginning of every financial year or whenever there is any change in the circumstances which may affect the status as an Independent Director.

While holding office, Independent Director is at liberty to accept other board appointments so long as the appointment is in compliance with the provisions of applicable laws and is not in conflict with the Company's business and does not interfere with performance as a director of the Company.

## **9. Changes of personal details**

During the term, Independent Director 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. Disengagement**

Independent Director may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for the 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 the director in the notice, whichever is later.

Further, subject to compliance under the Act, the appointment may cease under certain prescribed circumstances like:

- Continuing conflict of interest that cannot be reconciled
- Failure in performance of fiduciary responsibility
- Non - compliance with the agreed code of conduct and other policies of the Company
- Vacation of Office under Section 167 of the Act
- Disqualification under Section 164(2) of the Act
- Non-compliance with the requirements of the Act
- On the discretion of shareholders
- Unsatisfactory performance based on evaluation by the Board

Independent Director will be required to comply with the requirement of filing the requisite form / registration with the Ministry of Corporate Affairs or any other authority as may be applicable.

If at any stage during the term, there is a change that may affect status as an Independent Director as envisaged in Section 149(6) of the Act read with the rules framed thereunder, Independent Director agrees to promptly submit his/her resignation to the Company with effect from the date of such change.

## **11. Independent Advice**

Independent Director may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of his/her responsibilities as a Director. Copies of this advice must be made available to, and for the benefit of, all Board members, unless the Chairman otherwise agrees.

## **12. Confidentiality**

In his/her role as a Director, he/she will be in possession of confidential information about the Company and its affairs. Independent Director may only use that information in the proper performance of his/her duties or as required by law; he/she must not use it to gain advantage for self or others, or to the detriment of the Company.

## **Annexure A**

### **A. 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 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. immediately inform the Board 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.

### **B. Role and Functions:**

An independent director 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.

**C. Duties:**

An independent director 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 and the general meetings of the company;
4. strive to attend the general meetings of the Company;
5. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
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 the 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.
14. act in accordance with the Articles of the Company and 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.
15. exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
16. not involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
17. not achieve or attempt to achieve any undue gain or advantage either to self or to relatives, partners, or associates.
18. not assign his office and any assignment so made shall be void.