

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

The Company follows the following terms prior to appointment of Independent Directors

### **a) Need for appointment of Independent Director**

The need to appoint Independent Directors arises from the statutory requirement under the Companies Act, 2013 (the Act), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). As per the Act, every listed company and every public company having;

- (i) Paid-up share capital of ten crore rupees or more; or
- (ii) Turnover of one hundred crore rupees or more; or
- (iii) Having in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees.

shall appoint independent directors.

The number of independent directors is dependent on the following factors:

- (i) Nature of the company i.e., unlisted or listed
- (ii) Chairperson of the Board i.e., whether the Chairperson is a executive or non-executive and / or is a promoter or related to any promoter or related to persons occupying managerial positions one level below the Board.

If the Chairperson is executive then not less than half of the Board strength shall comprise of independent directors. If the Chairperson is non-executive and is not a promoter or related to any promoter or to any Key Managerial Person or any person occupying managerial position one level below the Board, then one-third of the Board strength shall comprise of independent directors otherwise, the not less than half of the Board strength shall comprise of independent directors.

Further as and when a vacancy occurs in the office of Independent Director, new independent director(s) need to be appointed to satisfy the requirement of the said law.

### **b) Scrutiny by the Nomination and Remuneration Committee (NRC)**

The NRC of the Board will conduct a thorough scrutiny of the candidature of the person proposed to be appointed as Independent Director. The scrutiny will involve age, educational qualifications, experience, business knowledge, standing in the profession or industry and such other aspects including conducting an interview of the candidate as would require to understand the suitability of the candidate for the office of independent director of the Company. If the NRC finds the candidature of the person suitable it will then make a recommendation to the Board.

**c) Recommendation by the Board of Directors**

Based on the recommendation of the NRC and after independent scrutiny of the candidate, if the Board is of the opinion that the candidate is fit to be appointed as an independent director, then it will make a recommendation to the members of the company for his or her appointment as independent director either at a convened general meeting or through postal ballot.

**d) Appointment**

Independent Directors will be appointed only by the members of the Company upon recommendation of the Board. The term of office of independent director shall be up to five years per term. They will be recommended for reappointment for a further term up to five years based on their performance appraisal. The term of office shall run prospectively from the date as approved by the members. The independent directors are not subject to retirement by rotation at every annual general meeting during their term. The independent directors are required to serve on the committees of the Board as decided and appointed by the Board from time to time.

**e) Role and Duties of Independent Director**

The role and duties of independent directors will be detailed in the appointment letter issued to them by the Company upon their appointment by the shareholders and are also required to adhere to the Code of Conduct for directors and senior management. While they have to perform their fiduciary duties with due care and diligence, in general the independent directors are required to fulfil their duties as per the Act, the listing regulations and terms of their appointment. Further they have to oversee ethical conduct of business of the company and act as a sounding board to Board of Directors and senior management on transactions placed before the Board for its approval.

**f) Commitment of time**

While it is not possible for the Company to lay down specific parameters for the amount of time to be contributed by each independent director, considering the nature of their position and importance of their role in Board conduct and management, each independent director is expected to devote such time as may be prudent for fulfilling his or her duties and responsibilities under the Act, listing regulations and their terms of appointment.

**g) Induction**

Every independent director has to undergo such number of hours of induction program to familiarise with the business of the company, code of conduct, risk assessment and management, statutory compliances and other aspects about the company and its environment. Further independent directors will be made aware of the statutory and business developments of the company from time to time to enable them to contribute better in their respective roles.

**h) Remuneration**

Being non-executive directors independent directors are not entitled for any fixed remuneration. However they are entitled for sitting fee of such sum for attending each board meeting, committee meeting as decided by the Board of Directors from time to time. Further independent directors are also entitled to remuneration by way of profit based commission subject to overall limits laid down under the Act. The costs associated with travel, stay and other connected expenses connected with their duties and responsibilities and are reasonable, will be reimbursed by the Company at actuals.

**i) Insurance**

Independent Directors are eligible for personal accident insurance and also directors and officers liability insurance as decided by the Board from time to time.

**j) Performance Evaluation**

Performance of each independent director and every other member of the Board are subject to a structured performance evaluation as per the parameters evolved and laid down by the Nomination and Remuneration Committee. Every re-appointment of a director will be on the basis of the outcome of the performance evaluation.

**k) Conflict of Interest**

While the Company is aware of business and other directorships of independent directors, it is incumbent upon such directors to refrain from being director or having business interests in companies which are in direct competition with the business of the Company to avoid any conflict of interest. The independent directors have to disclose their directorships and other interests annually and also as and when there is any change therein.

**l) Liability**

Independent directors are liable for their acts of omission or commission by the Company if it had occurred with their due knowledge, attributable through Board processes and with their consent or connivance or where they have not acted diligently.

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