

Letter of Appointment

Date:

To:

Subject- Appointment as an Independent Director

I am pleased to confirm that the shareholders of the Company have appointed you as an Independent Director. I am writing to set out the terms of the appointment. Please note that this is not a contract of employment.

1. TERM OF APPOINTMENT:

- 1.1 As per the provisions of sub-section (10) of Section 149 and in accordance with the resolution passed by the General Meeting held on [●] , your appointment will commence on [●] and will continue until the Annual General Meeting of the Company to be held in [●]. At that meeting you shall cease to hold office of independent director.
- 1.2 Your appointment shall not be subject to rotation as per the provisions of sub-section (6) of Section 152 of Companies Act, 2013 read with the Articles of Association of the Company.
- 1.3 Your appointment as Independent Director of the Company was based, inter alia, on declaration by you that you comply with the conditions of independence as listed in Section 149 (6) of the Companies Act 2013, read with relevant rules, and the Listing Agreement. If there is any change in circumstances affecting your independence, you are required to immediately let the Board of Directors know of the same, in terms of Section 149 (7) of the Act.
- 1.4 Your appointment will also terminate automatically on the expiry of the term of appointment as above, or if you vacate your office in terms of sec 167 of the Act. There is no compensation for termination of office in any circumstance.

2. DUTIES

- 2.1 As an independent director, besides the functions and duties applicable to every director, or the functions or duties of the Board collectively, you have several duties as set out in Schedule IV of the Act,
- 2.2 **Committees to be served-** You may be required to serve as a member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee (*optional*) and/or the CSR Committee. The tasks to be accomplished by being

a part of each of the above-mentioned committee are as specified in **Annexure I**. You may also be required to serve on any other sub-committee of the Board and/or to accept additional appointments in or on behalf of the Company where best practice requirements dictate that an independent, non-executive presence is required.

3. REMUNERATION

- 3.1 You will be entitled to such sitting fees as approved by the Board. Currently, the sitting fees are Rs. [●] for every Board Meeting, and Rs [●] for every Committee Meeting attended during your the Term of appointment. Expenses incurred by you for the purpose of attending any meeting of the Board, or for participating through video conferencing as permitted by the Board, will be reimbursed separately as per the company's normal policy on reimbursements.
- 3.2 In addition, you will be entitled for a commission of [●] % on the net profits computed under Section 198 of the Act, 2014. For so long as this appointment lasts or is extended, your fee and commission will be reviewed annually by the Board.
- 3.3 You will be entitled without prior notification to the Company to seek appropriate independent legal advice in relation to Company matters at the expense of the Company up to an aggregate cost of [●] (including applicable taxes) during the course of your appointment. If the cost of such legal advice will or is likely to [●] , you must obtain the prior approval of the [●] before incurring such cost participation in the Boards and other meetings and profit related commission,

4. GENERAL

- 4.1 **Fiduciary duties and accompanying liabilities** - You will be expected to perform your general fiduciary duties and exercise the skill and care expected of every Director. You do not have authority to commit the Company in any way, nor should you make any statements on the Company's behalf or concerning the Company to the media, financial institutions or anyone associated with the stock market or investor community without the express authorisation of the Board.

You will be held liable, only in respect of such acts of omission or commission by a company which have occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you have not acted diligently

- 4.2 **Directors and Officers (D and O) insurance**- The Company may seek cover for Directors' and Officers' liability insurance. If you have opted for the same, you will be entitled to the cover, as per the Company's policy for the same.

4.3 **the Code of Business Ethics** - that the company expects its directors and employees to follow is attached as **Annexure II**

4.4 The list of actions that a director should not do while functioning as such in the company includes the following:

- 4.4.1 Any action that involves any violation of applicable law;
- 4.4.2 Any action that involves any breach, in letter and spirit, of the Company's Code of Business Ethics;
- 4.4.3 Any action that either involves the directors' personal interest, except as disclosed as per applicable law, or unduly compromises or conflicts with the interest of the company.

4.5 We confirm that:-

(a) you will be given full access to all information in or about the Company and its affairs which is available to the executive directors;

(b) agendas for Board meetings and all relevant papers which require study before Board meetings will be provided to you in good time (save in exceptional circumstances) to allow you to consider them in advance of meetings (and likewise for the proceedings of committees); and

(c) you will be given access to the Chairman, the Chief Executive Officer and the Chief Financial Officer of the Company, on a personal basis, whenever you request to see them, diaries permitting

Yours sincerely

.....

Chairman

For and on behalf of [●]

I agree to the terms and conditions set out above

.....

[Independent Director]

Date.....

Annexure I

1. Audit Committee:

- 1.1. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 1.2. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 1.3. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 1.4. Examination of the financial statement and the auditors' report thereon and reviewing the same with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report
- 1.5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 1.6. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 1.7. Approval or any subsequent modification of transactions of the company with related parties;
- 1.8. Scrutiny of inter-corporate loans and investments;
- 1.9. Valuation of undertakings or assets of the company, wherever it is necessary;
- 1.10. Evaluation of internal financial controls and risk management systems;

- 1.11. monitoring the end use of funds raised through public offers and related matters.
- 1.12. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- 1.13. Reviewing, with the management, performance of statutory and internal auditors;
- 1.14. Discussion with internal auditors of any significant findings and follow up there on;
- 1.15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 1.16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 1.17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 1.18. To review the functioning of the Whistle Blower mechanism;
- 1.19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 1.20. Reviewing of following information:
 - i. Management discussion and analysis of financial condition and results of operations;
 - ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iv. Internal audit reports relating to internal control weaknesses; and

2. Nomination and Remuneration Committee

2.1 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

2.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and ensure that:-

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. Provided that such policy shall be disclosed in the Board's report.

2.3 Formulation of criteria for evaluation of Independent Directors and the Board;

2.4 Devising a policy on Board diversity;

3. Stakeholders Relationship Committee

3.1 consider and resolve the grievances of security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends

4. Corporate Social Responsibility –

4.1 formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;

4.2 recommend the amount of expenditure to be incurred on the activities referred to in clause 4.1; and

4.3 monitor the Corporate Social Responsibility Policy of the company from time to time.

