

**DRAFT LETTER OF APPOINTMENT TO BE ISSUED TO INDEPENDENT DIRECTORS. THIS  
IS MODEL LETTER OF APPOINTMENT AND IS SUBJECT TO AMENDMENT /  
MODIFICATION**

Date:

To,

**(DIN: )  
Mumbai.**

**Sub.: Your appointment as an Independent Director of the Company.**

Dear Madam,

You were appointed as an independent director on the Board of the Company from xx.xx.xxxx and this appointment has been ratified by the shareholders in the xx<sup>th</sup> Annual General Meeting held on xx.xx.xxxx.

Pursuant to Section 149 read with Schedule IV to the Companies Act, 2013 (the “Act”) read with Regulation of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), this Letter of Appointment is being issued to confirm your appointment as an independent director to the Board of xx Limited and to set out the terms and conditions governing your appointment.

• **Term of Appointment**

**A.** Your appointment will be for one term of 5 (five) years commencing with effect from xx.xx.xxxx during which period you shall not be liable to retire by rotation. Your appointment and continuation in office of the independent director are subject to the provisions of the Act, the Rules framed thereunder and the Listing Regulations. You may cease to hold the office of an independent director by:

- (a) giving written notice of resignation to the Company and may also inform the same to the Ministry of Corporate Affairs; or
- (b) on the happening of an event mentioned in the Act, or in the Articles of Association of the Company that results in vacation of office of a director; or
- (c) your removal pursuant to the provisions of the Act.

**B.** Your performance as an independent director shall be evaluated as per the criteria laid down by the Nomination and Remuneration Committee. By signing this Letter of Appointment, you agree to submit yourself to such evaluation.

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**C.** You may be re-appointed, after completion of the initial term subject to the applicable provisions of the Act and the Listing Regulations.

• **The expectation of the Board from the appointed director**

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A. As an independent director, you shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising your duties;
- (3) exercise your responsibilities in a *bona fide* manner in the interest of the Company;
- (4) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate your 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 your 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 your independence;
- (8) where circumstances arise which make you lose your independence, you must immediately inform the Board accordingly;
- (9) assist the Company in implementing the best corporate governance practices.

As an Independent Director you will be involved in a number of Board and committee meetings each year. You are expected to attend the scheduled Board meetings, the annual general meeting, and other committee meetings as and when the same are held. The Company will provide you with adequate notice of the proposed meeting dates. By accepting this appointment, you confirm that you will allocate sufficient time to meet the expectations of your role.

...3/-

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As an independent director you shall strive to remain present in at least one meeting per year meant specifically to be attended by independent directors only.

**B.** Your role in the Company is expected to:

- (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) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy yourself 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.

• **The fiduciary duties along with accompanying liabilities**

Duties :

**A.** As an independent director you shall—

- (1) undertake appropriate induction and regularly update and refresh your 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 you are a member;
- (4) participate constructively and actively in the committees of the Board in which you are the chairperson or member;
- (5) strive to attend the general meetings of the Company; ...4/-

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- (6) where you have concerns about the running of the Company or a proposed action,
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- 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 yourself 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 yourself 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) acting within your 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.

**B.** Additionally, as a director you shall –

- (i) act in accordance with the articles of the Company;
- (ii) act in good faith in order to promote the objects of the Company;
- (iii) exercise your duties with due and reasonable care, skill and diligence and exercise independent judgment;
- (iv) not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;
- (v) not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates and if you are found guilty of making any undue gain, you shall be liable to pay an amount equal to that gain to the Company;
- (vi) not assign your office.

**C.** Further, during the term of your appointment, you shall -

- (i) not accept benefits from third parties ; ...5/-

..5..

- (ii) disclose any direct or indirect concern or interest in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by the Company –
    - with a body corporate in which you individually or in association with another director, hold more than two per cent shareholding of that body corporate, or you are a promoter, manager, chief executive officer of that body corporate; or
    - with a firm or other entity in which you are a partner, owner or member.
  - (iii) not deal in securities of the Company based on unpublished price
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- sensitive information or otherwise during the periods when the trading window for the Company's securities is closed;
- (iv) not be entitled to any stock option

**Liabilities:**

As an independent director you may be held liable for the default for a particular provision of the Companies Act, if such violation has occurred with your knowledge, attributable through Board process, with your consent or connivance or where you have not acted diligently.

- **Provisions for Directors and Officers (D and O) insurance**

The Company has taken D and O insurance and as a director you will be covered by, and to the extent of, such insurance.

- **The Code of Business Ethics that the Company expects its directors and employees to follow**

The Code of Conduct and Business Ethics for Directors and Senior Management and the Vigil Mechanism & Whistle Blower Policy are uploaded in the website of the Company.

- **Dealing in shares of the Company**

Directors are prohibited from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades as per the provisions of the Code of Conduct to Regulate, Monitor and Report Trading by Insiders. You are requested to comply with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. ...6/-

..6..

- **List of actions that a director should not do while functioning as such in the Company**

A. During the period your remain as an independent director neither you nor any of your relative-

(i) shall hold the position of a key managerial personnel or become an employee of the company or its holding, subsidiary or associate company;

(ii) become an employee or proprietor or a partner of:

(A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

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- (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) shall hold together with your relatives two per cent or more of the total voting power of the Company; or
- (iv) shall become the chief executive or a director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
- (v) shall become a material supplier, service provider or customer or a lessor or lessee of the Company;
- (vi) shall hold the office of non-independent director of another company on the board of which any non-independent director of the Company is an independent director

The term of relative is defined in Section 2(77) of the Companies Act, 2013.

• **Remuneration**

- In consideration of your services, the Company will pay you fees for attending each meeting of the Board or any committee thereof or any meeting of any independent director, as may be fixed by the Board from time to time.

...7/-

..7..

- In case the Board decides, you may be entitled to be paid commission as approved by the members.

• **Publication of letter**

Your individual letter of appointment will be open for inspection by any member and the Company has posted a generic copy of this letter on the Company's website.

Kindly sign at the space provided below as acknowledgement of having received this Letter of Appointment and in token of your confirmation of the contents hereof.

Yours faithfully,  
For xxx Limited

**I confirm receipt of the Letter  
and accept the terms of appointment**

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**()  
Executive Director**

**(xx)**

