

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

The Terms and Conditions of the Independent Directors are governed in accordance with the provisions of Section 149 and rules made there under read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### **TERMS OF APPOINTMENT**

Considering the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Independent Directors shall be appointed in the Company. Basic terms and conditions for the appointment of Independent Director are as follows:

1. A Person shall be appointed as Independent Director on the Board of the Company subject to fulfillment of criteria as per definition and criteria defined in Section 149 with ruled made thereunder read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')
2. The appointment will be for the period mentioned against their respective names ("Term"), however Maximum term of the appointment is of 5 (five) years. The Company may remove Independent Directors prior to completion of the Term subject to compliance of relevant provisions of the Companies Act 2013.
3. Independent Director is not liable to retire by rotation.
4. Appointment of every independent director shall be approved by members' of the Company.
5. Independent Directors will be eligible for re-appointment for another term of 5 consecutive years, after the completion of their tenure of first 5 years.
6. Re-appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.

### **STATUS OF APPOINTMENT**

Independent Directors will not be employees of the Company and their appointment letter shall not constitute a contract of employment.

## **TIME COMMITMENT**

Independent Directors agree to devote such time as is prudent and necessary for the proper performance of their role, functions, duties and responsibilities as Independent Director.

## **ROLE, FUNCTIONS, DUTIES AND RESPONSIBILITIES**

As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

- A. Requirements under the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013,
- B. “Responsibilities of the Board” as outlined in the Corporate Governance requirements as prescribed by the Stock Exchanges under Regulation 4(2)(f) of Listing Regulations.
- C. Accountability under the Director’s Responsibility Statement.
- D. The role and duties of Independent Directors will be those normally required of a Non Executive Independent Director under the Companies Act, 2013 and Listing Regulations. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:
  - I. They shall act in accordance with the Company’s Articles of Association.
  - II. They shall act 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 interest of the Company.
  - III. They shall discharge their duties with due and reasonable care, skill and diligence.
  - IV. They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
  - V. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
  - VI. They shall not assign their office as Director and any assignments so made shall be void.

In addition to the above requirements, the Board of Directors also expects Independent Directors to perform the following functions:

- (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.

Duties :

The Duties of the Independent Directors shall be as per the SCHEDULE IV which is as under:

The independent directors 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;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) act within their 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.

Apart from above, obligations of Independent directors shall be as per regulation 25 of the SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015.

#### **ROLE AS A MEMBER OF COMMITTEES OF THE BOARD**

The Board of Directors of the Company ("Board") has constituted the following committees to discharge the delegated functions as provided under the Act or otherwise:

- A. Audit Committee;
- B. Nomination and Remuneration Committee;
- C. Stakeholders Relationship Committee;
- D. Corporate Social Responsibility Committee.

The constitution of the aforementioned Committees ("Committee") is decided by the Board at its meeting. Whenever such committees are constituted / reconstituted, Independent Directors, subject to their consent at the time of appointment, may be expected to be a member and attend the meetings of one or more of the Committees.

Independent Directors are expected to attend:

- a. Regular Board / relevant Committee meetings and ensure that they have read and understood the contents of all the documents and information provided to them in relation to each Board of Directors / Committee meetings and pursue such additional

enquiries as they consider necessary and appropriate to be informed with respect to the Company's financial and operational performance;

b. The annual general meeting of the Company;

c. Such other programs / meetings as may be decided by the Board.

### **REIMBURSEMENT OF EXPENSES**

The Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee Meetings, General Meetings, Court Convened Meetings, Meetings with Shareholders/Creditors/Management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

### **STOCK OPTIONS**

Independent Director is not eligible to participate in Stock Options schemes of the Company.

### **DISCLOSURE OF INTEREST /DECLARATION**

- 1) Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year shall provide a declaration under Section 149(7) of the Companies Act, 2013 and Listing Regulations.
- 2) During their Term, Independent Directors agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 and Listing Regulations, upon any change in circumstances which may affect their status as an Independent Director.
- 3) Any material interest that a Director may have in any transaction or arrangement that the Company has entered into should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record his/her interest appropriately and Company's records are updated. A general notice that he/she is interested in any contract with a particular person, firm or company is acceptable.

### **CHANGES OF PERSONAL DETAILS**

During the Term, Independent Directors 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.

## **CONFLICT OF INTEREST**

1. It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition to appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment.
2. In the event that circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that they are independent, this should be disclosed to both the Chairman and the Company Secretary.
3. They shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

## **PERFORMANCE APPRAISAL / EVALUATION PROCESS**

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors. The evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

## **RESIGNATION**

Independent Director may resign from his/her position at any time and with a service of a reasonable written notice on the Board.

## **CODE OF CONDUCT**

During the appointment, the Independent Director is required to comply with regulations as contained in Schedule IV under Companies Act, 2013, including the following codes / policies of the Company:

- i. Code of Conduct for Board of Directors and Senior Management;
- ii. Code of internal procedures and conduct for Regulating, Monitoring and Reporting of trading by Insiders;
- iii. Other policies as may be applicable to Independent Directors including as a Director of the Company from time to time.

## **CONFIDENTIALITY**

1. All information acquired during appointment is confidential to the Company and shall not be released, either during appointment or following termination (by whatever means) to third parties without prior clearance from the Company unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request,

Independent Directors shall surrender any documents and other materials made available to them by the Company.

2. Attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently Independent Directors should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

### **MISCELLANEOUS**

1. An Independent Director shall not serve as an Independent director in more than seven listed companies as may be stipulated by the Listing Agreement or any other law of the land, for the time being in force.
2. Further, an Independent Director who is serving as a whole time director/Managing Director in any listed company shall not serve as an Independent director in more than three listed companies or such number of listed companies as may be stipulated by the Listing Agreement or any other law of the land, for the time being in force.

### **GENERAL**

This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Rajkot/Gujarat.