

TERMS OF APPOINTMENT OF INDEPENDENT DIRECTOR

A. Appointment Term –

1. The Appointment of an Independent Director will be in accordance with the approval of the members of the Company as per the provisions of the Companies Act, 2013.
2. Manner of appointment –
 - (a) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
 - (b) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
 - (c) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

B. Committees :

The Board of Directors may appoint one or more Independent Directors on the Board Committees or any such committee as per the provisions of Companies Act, 2013 and any other applicable regulations.

C. Role of an Independent Director :

An Independent Director is expected to take decisions objectively in the interest of the Company / Mutual Fund. The role of the an Independent Director will involve the following key elements :

- a. Formulating and reviewing strategy
- b. Overall Performance of business with agreed goals and objectives
- c. Monitoring Risk Control Mechanism
- d. Ensuring Compliance with applicable laws/rules/regulations and governance policies

D. Fiduciary Duties :

The Independent Directors must act the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders and stakeholders. In doing so, the Independent Director shall :

- a. Have fiduciary duty to act in good faith and in the interest of the Company and not for any collateral purpose.

- b. Have duty to act only within the powers as laid down by the Company's memorandum and articles of association and by applicable laws and regulations
- c. Have duty to acquire proper understanding of the business of the Company
- d. Be fully responsible in regard to matters entrusted to you by the Board and shall not evade your responsibility
- e. Not let interference in the performance in your duties by the Executive Directors and other officers of the Company and wherever you have reasons to believe otherwise, you shall forthwith disclose your concerns to the Board and
- f. Make proper use of the information disclosed to you and shall not use such information as a member of the Board or otherwise for your own or someone else's advantage or benefit. You shall use the information disclosed to you by the Company in your capacity as director of the Company only for the purpose of performance of your duties as a director and not for any other purpose.

E. Remuneration :

An Independent Director shall be entitled to sitting fees for attending Board and Committee meetings (as the case may be) as determined by the Board from time to time, as per the limits sent out under the Companies Act, 2013.

The Independent Director will be entitled to reimbursement of expenses incurred by him/her in connection with attending the Board/Committee meetings, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

F. Code of conduct and ethics :

An Independent Director will abide by the guidelines of professional conduct, role, function and duties as an Independent Director provided in Schedule IV of the Companies Act, 2013. An extract of the said Schedule is given in Annexure – I.

G. Director's & Officers Liability Insurance :

The Company provides all its Directors and Officers with, and pays premium for, indemnity and insurance cover upto a defined amount, while acting in their capacities as directors and officers.

H. Confidentiality :

All the information acquired during the appointment of an Independent Director is confidential to the Company and will not be disclosed either during his/her appointment or following termination (by whatever means) to any third party except as required by law and with prior consent from the Chairman.

Annexure I

I. Guidelines for Professional Conduct –

An Independent Director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his/her duties;
3. exercise his/her responsibilities in a bona fide manner in the interest of the company;
4. devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his/her 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. 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.

II. 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.

III. 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;
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 behaviour, 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.

IV. Separate meetings:

1. The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;

3. The meeting shall:
 - a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
