

# **PURAVANKARA LIMITED**

**CIN: L45200KA1986PLC051571**

## **TERMS AND CONDITIONS OF APPOINTMENT OF THE INDEPENDENT DIRECTOR**

**Terms and conditions of appointment of the Independent Director of the Company in accordance with the requirements of Schedule IV to the Companies Act, 2013 (the “Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”):**

## **I. Appointment**

Pursuant to the the provisions of the Companies Act, 2013 (“Act”) as amended and other applicable laws, you will serve as an Independent Director of the Board from \_\_\_\_\_ (“date of appointment”) through \_\_\_\_\_ (“First Term”). Being an Independent Director, you will not be liable to retire by rotation and your appointment is subject to the approval of shareholders of the Company.

In accordance with the Act, you may be eligible to serve as an Independent Director for another term of up to 5 years, subject to the recommendation of the Nomination and Remuneration Committee and passing of special resolution by the shareholders of the Company.

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the (i) applicable laws, including the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (as amended from time to time) and (ii) Articles of Association of the Company (“AOA”).

## **II. Other Terms and Conditions**

### **1. Committees**

During the term of appointment, the Independent Director may be required to serve on one or more committees of the Board, i.e. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders’ Relationship Committee or such other Committees, as the Board may decide.

### **2. Code for Independent Directors**

The Independent Directors of the Company shall adhere to the code as mentioned in Schedule IV to the Companies Act 2013, in addition to the above stated factors.

This additional code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders and regulators

### **3. Guidelines of professional conduct:**

An Independent Director shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his / her duties;
- iii. exercise his / her responsibilities in a bona fide manner in the interest of the company;
- iv. devote sufficient time and attention to his / her professional obligations for informed and balanced decision making;

- v. 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 with or dissenting from the collective judgment of the Board in its decision making;
- vi. not abuse his / her position to the detriment of the Company or its shareholders / stakeholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- vii. refrain from any action that would lead to loss of his / her independence;
- viii. where circumstances arise which make an Independent Director lose his / her independence, immediately inform the Board accordingly;
- ix. assist the Company in implementing the best corporate governance practices.

#### **4. Role and functions:**

The Independent Directors shall:

- i. 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;
- ii. bring an objective view in the evaluation of the performance of Board and management;
- iii. scrutinise the performance of management vis-a-vis agreed goals and objectives and monitor the reporting of performance;
- iv. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- v. safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. balance the conflicting interest of the stakeholders;
- vii. determine appropriate levels of remuneration of executive Directors, key managerial personnel and Senior Management and play a prime role in appointing and where necessary recommending removal of executive directors, key managerial personnel and Senior Management;
- viii. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

#### **5. Duties:**

The Independent Directors shall—

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- ii. 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;
- iii. strive to attend all meetings of the Board of Directors and of the Board Committees of which he / she is a member;
- iv. participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the Company;
- vi. 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;

- vii. keep themselves well informed about the Company and the external environment in which it operates;
- viii. not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- ix. 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;
- x. 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;
- xi. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- xii. act within their authority, assist in protecting the legitimate interests of the Company, shareholders, its employees and other stakeholders;
- xiii. 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;
- xiv. 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 or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided under the Companies Act 2013.

#### **6. Separate meetings:**

- i. 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;
- ii. All the Independent Directors of the Company shall strive to be present at such meeting;
- iii. 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 Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **7. Time Commitment**

By accepting the appointment, the Independent Director confirms that he/she will be able to allocate sufficient time to perform his/her duties as a Director of the Company and attend meetings of the Board or any Committee thereof.

#### **8. Training and Development**

8.1. The Independent Director will be accustomed to the nature of the business through familiarization sessions including site visits.

8.2. The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

8.3. Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, business strategy and risks involved.

#### **9. Evaluation Process**

The performance of individual directors shall be evaluated by the entire Board, excluding the director being evaluated, on an annual basis.

#### **10. Remuneration**

In consideration of the Independent Director's services, they shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other meetings as may be decided by the Board of Directors, reimbursement of expenses for participating in the Board and other meetings and commission as may be decided by the Board within the maximum limits stipulated under Section 197 of the Act.

#### **11. Confidentiality**

The Independent Director agrees that both during and after the term of appointment, Independent Directors will not use for his/her own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, its holding, subsidiary or associate companies, which he / she may acquire by virtue of his/her position as an independent director of the Company, including without limitation, any information about the deliberations of the Board. The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term), become available to the public generally.

#### **12. Insurance**

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the Term of your appointment and shall be maintained for all the actions taken by you while discharging your role as independent director even after expiry of your term.

#### **13. Acceptance of Appointment**

Please confirm your acceptance of the above terms by signing and returning the enclosed duplicate copy of this letter. We look forward to your support and commitment towards the Company.

For **Puravankara Limited**

Managing Director;