

Date:

Mr./Ms.....  
(DIN: .....)  
.....  
.....  
.....

Dear [•],

**Sub: Appointment as Non-Executive Independent Director**

With reference to your consent to act as Director, if appointed and your confirmation regarding the meeting of “independence” criteria as envisaged in Section 149(6) of the Companies Act, 2013 (“Act”), we are pleased to confirm that the Members of Genus Power Infrastructures Limited (hereinafter referred to as the “Company” or “Genus”) at the 22<sup>nd</sup> Annual General Meeting held on September 29, 2014, have approved your appointment as Non-Executive Independent Director on the Board of the Company to hold office for a tenure of five consecutive years from April 01, 2014 to March 31, 2019.

This letter of appointment sets out the terms and conditions covering your appointment, which are as follows:

**1. TERMS OF APPOINTMENT:**

- 1.1 You have been appointed as a Non-Executive Independent Director on the Board of the Company to hold office for a tenure of five consecutive years from April 01, 2014 to March 31, 2019.
- 1.2 You will not be liable to retire by rotation.
- 1.3 As per the provisions of the Act, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage you earlier subject to compliance of relevant provisions of Act.
- 1.4 Your appointment is subject to the provisions of the Act.
- 1.5 Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Act and the listing agreement.
- 1.6 Your re-appointment, if any, 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. Your reappointment would be considered by the Board based on the outcome of the performance evaluation process and your continuing to meet the independence criteria.
- 1.7 The term “Independent Director” should be construed as defined under the Act and the listing agreement.

**2. TIME COMMITMENT:**

- 2.1 The Board meets at least four times in a year. The Audit Committee also meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders’ Relationship Committee, Corporate Social Responsibility Committee, Restructuring Committee and Sales Committee meetings which are ordinarily convened as per the requirement. Ordinarily, all meetings are held in Jaipur, Rajasthan (India). However, it is difficult

for a company to lay down specific parameters on time commitment owing to the nature of the role of a director and/or the Board. The Company expects that you will attend all Board, Board Committees to which you are member or may be appointed and Shareholders meetings and to devote such time as is prudent and necessary for the appropriate performance/discharge of your role, duties and responsibilities as an Independent Director.

- 2.2 By accepting this appointment, you confirm that you are able to devote sufficient time to meet the expectations of your role, duties and responsibilities to the satisfaction of the Board and the Company.

### 3. BOARD COMMITTEES:

As per the current evaluation, you are a Chairman/Member of the following Committees:

- [•] Committee – Chairman/Member
- [•] Committee – Chairman/Member

The tasks of the aforesaid Committees are provided as “Annexure A”.

The Board may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

### 4. ROLE AND DUTIES:

4.1 You shall abide by the duties of directors as provided in the Act (including Section 166 of the Act), listing agreement with stock exchanges and the Company’s ‘Code of Conduct for Independent Directors’ (“the Code”) based on provisions outlined in Schedule IV under section 149(8) of the Act. For your ready reference, the Code and the relevant provisions have been extracted and attached to this letter as “Annexure B” and “Annexure C”.

4.2 In addition to the above statutory requirements, you are expected to bring independent view to the Board’s discussions and to help the Board in the following key matters:

- Development of constructive strategy.
- Assessment of the performance of management in meeting agreed goals and objectives.
- Risk management.
- Ensuring high standards of financial integrity and accurate reporting on performance and the financial position of the Company.
- Determining appropriate levels of remuneration of Executive Directors.
- Ensuring good corporate governance and compliance with the applicable legislations and regulations under review and the conformity of the Company/industries practices to accepted norms.

4.3 During the Appointment, you should not do any act, which is against the objects of the Company and is detrimental to the interest of the Company. This includes but not limited to;

- Involvement 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.
- Achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- Assign your office as Director.

## **5. REMUNERATION AND REIMBURSEMENT OF EXPENSES:**

- 5.1 As Non-Executive Independent Director, you will be paid sitting fees for attending the meetings of the Board and its Committees as may be decided by the Board and/or approved by the Shareholders from time to time.
- 5.2 Presently, the sitting fees will be paid to the Non-Executive Independent Director, as follows:
- For Board Meeting : Rs.5000/- per meeting; and
  - For Meeting of the Committee of the Board : Rs.2000/- per meeting.
- 5.3 Further, the Company will, for the period of your appointment, pay or reimburses to you such fair and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company. This could include reimbursement of expenses for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties. The Company shall also reimburse the expenses incurred on taking professional advice, if needed from independent advisors in the furtherance of your duties as an Independent Director.

## **6. DISCLOSURE OF INTEREST OR CONCERN:**

- 6.1 It is accepted and acknowledged that you may have business interests other than those of the Company. You are required to disclose your interest or concern in any company or companies or body corporate, firms or other association of individuals including shareholding in Form MBP 1, at the time of your appointment and at the first meeting of the Board in which you 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 disclosure already made then at the first meeting held after such change.
- 6.2 You shall at the time of your appointment and at the first meeting of the Board in which you 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 your status as an independent director, give a declaration that you meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

## **7. PERSONAL INFORMATION:**

During your tenure of Appointment, you are required to promptly intimate the Company and the Registrar of Companies (RoC) in the prescribed manner, of any change in your personal information like address, contact details etc., provided to the Company.

## **8. CONFIDENTIALITY:**

- 8.1 You must apply the highest standards of confidentiality. You should not disclose to any person or company either during the course of the Appointment or at any time after its termination, any confidential information concerning the Company and any Group Companies with which you come into contact by virtue of your position in the Company.
- 8.2 Further, we would like to draw your attention to the requirements under the applicable regulations of SEBI for prohibition of insider trading in securities and the Company's "Code of Conduct for Prevention of Insider Trading" which concern the disclosure of price sensitive information and dealing in the securities of Genus. Consequently, you should not make any statements or perform any transactions that might risk a breach of these requirements.

8.3 On termination of the Appointment you will deliver to the Company all documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position in the Company.

## **9. CODE OF CONDUCT**

During the Appointment, you are required to comply with the Company's "Code of Conduct for Directors and Senior Management Personnel", including its "Code of Conduct for Prevention of Insider Trading" and such other requirements as the Board or other regulatory agencies may from time to time specify.

## **10. INDUCTION:**

Immediately after your appointment, the Company shall, if required, conduct a formal induction program for you. The Company shall also, if required, arrange the training and familiarization sessions to support you to continually update your skills and knowledge and improve your familiarity with the company and its business.

## **11. EVALUATION:**

As per the Policy, your performance as well as the performance of the entire Board and its Committees shall be evaluated annually. The performance evaluation of independent director shall be done by the entire Board excluding the director being evaluated. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

## **12. INSURANCE:**

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. The Company intends to maintain such insurance cover for the Term of your appointment, subject to the terms of such policy in force from time to time.

## **13. TERMINATION:**

- 13.1 You may resign from directorship of the Company by giving a notice in writing to the Company at any time by stating the reasons for resignation.
- 13.2 If at any stage during the Appointment, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act, you are required to promptly submit your resignation to the Company with effect from the date of such change.
- 13.3 Your appointment on the Board of the Company may be terminated in accordance with the provisions of the Act and the Articles of Association of the Company from time to time in force.
- 13.4 Your directorship may also be terminated for violation of any provision of the Company's Code of Conducts as applicable to Directors of the Company.

## **14. GOVERNING LAW:**

This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous understanding, if any between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom. This agreement/letter is governed

by and shall be constructed in accordance with Indian law and subject to the jurisdiction of the Indian courts.

**15. ACCEPTANCE OF APPOINTMENT**

Please confirm your agreement to the above by signing and returning to me/Company Secretary the enclosed second copy of this Letter.

Yours sincerely  
For **Genus Power Infrastructures Limited**

**Ishwar Chand Agarwal (DIN: 00011152)**  
**Chairman**

Encl. as above  
.....

**AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby agree to the same.

\_\_\_\_\_  
(Signature)

Name : [•]

DIN : [•]

Date : [•]

## Annexure A

### TASKS OF THE COMMITTEES OF THE BOARD OF DIRECTORS

#### (A) Audit Committee

The powers of the Audit Committee are as under:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role and responsibilities of the Audit Committee are in accordance with the guidelines set out in the Listing Agreement with the Stock Exchanges and the provisions of the Companies Act, 1956/2013 and that inter alia include the following:

- 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;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - 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;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing with management the annual financial statements including the minutes of the Board meetings of the unlisted subsidiary company;
- 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;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;

- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors for any significant findings and follow up there on;
- 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;
- 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;
- 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;
- To review the functioning of the Whistle Blower mechanism;
- 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 & background, etc. of the candidate;
- Review of the following information:
  - a) Management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weaknesses; and
  - e) The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.
- Carrying out any other function as assigned by the Board of Directors including review and oversees the vigil mechanism of the Company in-line with the requirement of provisions of Section 177(9) of the Companies Act, 2013 read with rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014.

**(B) Corporate Social Responsibility Committee:**

The terms of reference of the Committee inter alia, include the following:

- To 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 of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities; and
- To monitor the implementation of the CSR Policy.

**(C) Finance Committee:**

The terms of reference of the Committee inter alia, includes the following:

- Borrow moneys and exercise all powers to borrow moneys (otherwise than by issue of debentures) not exceeding Rs.2000 crore in aggregate at any time and taking all necessary

actions connected therewith within the limit prescribed pursuant to provisions of Section 180 of Companies Act, 2013.

- Provide guarantee including performance guarantee, issue letter of comfort and providing securities and taking all necessary actions connected therewith (subject to compliances under sections 185 and 186 of Companies Act, 2013).
- Review of banking arrangement and taking all necessary actions connected therewith including refinancing for optimization of borrowing costs (subject to overall limit of borrowing).
- Investment of the funds of the Company (subject to compliance of all applicable provisions of Companies Act, 2013).
- Review of the Company's financial policies, strategies and capital structure.
- Review of working capital and cash flow management.
- Consider viability for issuance of new modes of securities including foreign funds subject to laws applicable.

**(D) Nomination & Remuneration Committee:**

The terms of reference of the Committee (revised on May 30, 2014) inter alia, includes the following:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and also recommend to the Board their appointment and removal
- To evaluate, approve and recommend the remuneration and terms of appointment of whole-time directors within the overall ceiling approved by the shareholders;
- To carry out evaluation of every director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- To assist the Board in respect of compensation matters and policies for the Company, reviewing compensation strategies for the Company, and generally making recommendations to the Board in respect of compensation matters for the Company;
- To formulate, approve, implement, supervise and administer employee stock option schemes of the Company; and
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable
- To perform such other functions as may be necessary or appropriate for the performance of its duties

**(E) Restructuring Committee:**

The terms of reference of the Committee inter alia, includes the following:

- to make such alterations or changes or modifications or withdrawal of the Scheme therein as may be expedient or necessary for satisfying the requirement or condition imposed by the jurisdictional High Court(s), or other regulatory authority/(ies);
- to take all necessary steps in connection with:



- (a) the filing the Scheme with relevant regulatory authorities, including the stock exchanges where the Company's shares are listed, and thereafter with the relevant jurisdictional High Court(s) for approval;
  - (b) the filing of applications with the jurisdictional High Court(s) seeking directions for holding the meetings of the shareholders and creditors of the Company and/ or for seeking dispensation from convening the said meetings;
  - (c) the filing of petitions for confirmation of the Scheme with the jurisdictional High Court(s) in accordance with the provisions of the Companies Act, 1956;
  - (d) the filing of affidavits, petitions, pleadings, applications, certificates, declarations, undertakings, proceedings or any other documents incidental or deemed necessary or useful in connection with the above proceedings and to engage counsels, advocates, advisors, chartered accountants, merchant bankers and other professionals and to sign and execute vakalatnamas wherever necessary and to do all acts necessary or incidental to the said proceedings for obtaining confirmation of the Scheme by the concerned High Court(s), Stock Exchanges and other regulatory agencies;
  - (e) doing all such acts and deeds, execute documents, authorise persons, take all steps necessary or incidental and considered appropriate with regard to the above applications and petitions and implementation of the Orders passed thereon and generally for putting through the Scheme and completing the same.
- to access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities;
  - to pay, at the expense of the Company, ordinary administrative expenses, including expenditures for external resources, that, as determined by the Committee, are necessary or appropriate in carrying out its duties; and
  - any other function as assigned by the Board of Directors.

**(F) Sales Committee:**

The terms of reference of the Committee inter alia, includes the following:

- Review sales related matters;
- Formulate and review marketing strategies;
- Participate in tenders/bids floated by SEBs, Private Utilities, etc.;
- Sign, file, amend, alter and execute all forms, applications, agreements, affidavits or other documents with reference to Tenders/bids floated by SEBs, Private Utilities, Govt. / Public Authorities, etc. from time to time, on behalf of the Company and to do all such acts and things as may be necessary in connection therewith;
- Review or modify contracts / arrangements / agreements executed with SEBs, Private Utilities or other vendor on behalf of the Company;
- Take all necessary actions and do all such acts and things as may be necessary in connection with the execution of orders/Lol;
- Deal with SEBs, Private Utilities, Govt. / Public Authorities or other vendors on behalf of the Company in respect of execution of orders / LOI / contracts / agreements / arrangements and receipt of payments; and
- Sub-delegate all or any powers hereby conferred to other Officer/Officers of the Company or other person(s) as the Committee thinks fit and proper in the interest of the Company.

**(G) Stakeholders' Relationship Committee:**

The terms of reference of the Committee inter alia, includes the following:

- To oversee and review all matters related with transfer, transmission, transposition, dematerialisation, rematerialisation and mutation of securities.
- To approve issue of share certificates including duplicate, splitted/sub-divided or consolidated certificates.
- To oversee and review redressal/removal of shareholders' grievances related to transfer, transmission, transposition, dematerialisation, rematerialisation, mutation of securities and issue of share certificates including duplicate, splitted/sub-divided or consolidated certificates.
- To look into redressal/removal of shareholders' grievances relating to non-receipt of declared dividends, non-receipt of Annual Report, etc.
- To oversee the performance of the Registrar and Share Transfer Agents of the Company.
- To oversee and redress grievance of any other stakeholder under provision of Companies Act, 2013 to avoid any class action.

\*\*\*\*

## Annexure-B

### GENUS POWER INFRASTRUCTURES LIMITED (CIN: L51909UP1992PLC051997)

#### CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

[Pursuant to section 149(8) of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013]

The Board of Directors (hereinafter referred to as the “Board”) of Genus Power Infrastructures Limited (hereinafter referred to as the “Company” or “Genus”) has adopted the following Code of Conduct (hereinafter referred to as the “Code”) as a guide to professional conduct for its independent directors. The Board believes that adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

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

An independent director shall:

- A. uphold ethical standards of integrity and probity;
- B. act objectively and constructively while exercising his duties;
- C. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- D. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- E. not allow any extraneous considerations that will vitiate his 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;
- F. 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;
- G. refrain from any action that would lead to loss of his independence;
- H. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- I. assist the Company in implementing the best corporate governance practices.

#### **2. Role and functions:**

The independent directors shall:

- A. 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;
- B. bring an objective view in the evaluation of the performance of board and management;
- C. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- D. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- E. safeguard the interests of all stakeholders, particularly the minority shareholders;
- F. balance the conflicting interest of the stakeholders;
- G. 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;
- H. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder’s interest.

### 3. Duties :

The independent directors shall—

- A. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- B. 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;
- C. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- D. participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
- E. strive to attend the general meetings of the Company;
- F. 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;
- G. keep themselves well informed about the Company and the external environment in which it operates;
- H. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- I. 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;
- J. 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;
- K. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- L. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- M. 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.

### 4. Manner of appointment:

- A. Appointment process of independent directors shall be independent of the Genus' 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 there under and that the proposed director is independent of the management.
- D. The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :
  - i. the term of appointment;
  - ii. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - iv. provision for Directors and Officers (D and O) insurance, if any;
  - v. the Code of Business Ethics that the Company expects its directors and employees to follow;
  - vi. the list of actions that a director should not do while functioning as such in the Company; and

- vii. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- E. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the Company by any member during normal business hours.
- F. The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

#### **5. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **6. Resignation or removal:**

- A. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- B. An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- C. Where the Company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **7. Separate meetings:**

- A. The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- B. All the independent directors of the Company shall strive to be present at such meeting;
- C. The meeting shall:
  - i. review the performance of non-independent directors and the Board as a whole;
  - ii. review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - iii. 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.

#### **8. Evaluation mechanism:**

- A. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- B. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

\*\*\*\*

## Annexure-C

### Relevant extracts of the provisions under Companies Act, 2013:

#### Section 2 (60) – Definition

“**Officer who is in default**”, for the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely:—

- (i). whole-time director;
- (ii). key managerial personnel;
- (iii). where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
- (iv). any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;
- (v). any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
- (vi). every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;
- (vii). in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer;

#### Section 134 (5) – Financial statement, Board’s report, etc.

**The Directors’ Responsibility Statement** referred to in clause (c) of sub-section (3) shall state that —

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.  
*Explanation.*—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Section 149 (6) - Company to have Board of Directors.**

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, 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
    - (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) holds together with his relatives two per cent. or more of the total voting power of the company;  
or
  - (iv) is a Chief Executive or 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; or
- (f) who possesses such other qualifications as may be prescribed.

### **Section 149 (8) - Company to have Board of Directors.**

The company and independent directors shall abide by the provisions specified in Schedule IV.

### **Section 149 (12) - Company to have Board of Directors**

Notwithstanding anything contained in this Act,—

- (i) an independent director;
- (ii) a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

### **Section 166 - Duties of directors**

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

### **Section 188 (5) - Related party transactions**

Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

- (i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and
- (ii) in case of any other company, be punishable with fine which shall not be less than twenty five thousand rupees but which may extend to five lakh rupees.

### **Section 197 (13) – Overall maximum managerial remuneration and managerial Remuneration in case of absence or inadequacy of profits**

Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.