

**Terms and Conditions of Appointment  
of Independent Directors**





## **Terms and Conditions of Appointment of Independent Director**

*[Pursuant to provisions of Schedule IV of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015]*

### **1. Appointment**

The appointment will be commencing from April 1, 2019 for a period of 5 years or 3 years as may be approved by the shareholders for respective Independent Director, provided that he/ she shall continue to meet the criteria of 'Independence' in accordance with law.

They shall not be liable to retire by rotation as per provision of Companies Act, 2013 and Listing Regulations.

#### **Board Committee:**

As per the Board's assessment, during the tenure of the office as an Independent Director, he/ she may be required to serve on one or more committees of the Board. Upon appointment as a Chairman / member of one or more committees, an Independent Director will be provided 'Committee Charter / Terms of Reference' stating role, responsibilities and functions of that Committee.

### **2. Role, Duties and Responsibilities**

#### **A) Collectively as Board:**

As a member of the Board, collectively with other Board Members, Independent Director shall:

- i) act in accordance with the Articles of Association of the Company;
- ii) act in good faith in order to promote the objects of the Company for the benefit of its shareholders as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment;
- iii) conduct himself so as to meet expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision making;
- iv) ensure that corporate social responsibility ("CSR") activities are undertaken by the Company as per the CSR Policy and that the approved amounts are spent on such activities; and
- v) ensure that the report of the Board of Directors to the shareholders contains all the relevant disclosures.

In addition, responsibilities will include those outlined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter may be referred as 'Listing Regulations'), the Companies Act, 2013 and other applicable and prevailing Act, Rules or Regulations.



**B) Individually as Member of the Board Independent Director shall:**

- i) regularly attend Board and Committee meetings and shareholders meetings;
- ii) abide by the provisions of the “Code for Independent Directors” which is part of Schedule IV to the Companies Act, 2013.
- iii) exercise his duties with due and reasonable care, skill and diligence and exercise independent judgment;
- iv) not involve himself 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;
- v) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives or partners;
- vi) not assign his office;
- vii) not serve as an Independent Director in more than seven listed companies. If he happens to be serving as a Whole-time Director in any listed company, then he cannot serve as an Independent Director in more than three listed companies.
- viii) not hold office as a Director or any other office in a competing Firm / Company;
- ix) maintain confidentiality with utmost care about the Company’s as well as Aarti Group’s strategy, technology, planning, organisation, business outlook, budgets, financials and any information including price sensitive information, that may have an adverse impact on interest of the Company or its stakeholders;
- x) facilitate Company’s adherence to high standards of ethics and corporate behaviour;
- xi) guide the Board in monitoring the effectiveness of the Company’s governance practices and to recommend changes, required if any; and
- xii) guide the Board in ensuring the integrity of the Company’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

As a non-executive Independent Director he will be liable only in respect of such acts of omission or commission by Company which had occurred with his knowledge attributable through Board process, and with his consent or connivance or where he had not acted diligently.

**3. Familiarisation Programme**

At the earliest opportunity, he will be invited for a familiarisation program. This will provide an opportunity to interact with senior management of the Company and help to understand the Company’s strategy, operations, services and product offering, market structure and organization structure.

In addition, the Company will familiarise an Independent Directors with the Company, his roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.



#### **4. D & O Insurance**

The Company maintains a Directors' and Officers' Liability Insurance Policy ['D&O Policy'] covering personal liability, for the Directors & Officers for claims made against them while serving on the Board and / or as an Officer of the Company.

#### **5. Codes, Policies & Guidelines**

Director will abide by the Company's 'Codes of Conduct & Policies' (to the extent applicable to an Independent Director) and amended time to time.

#### **6. Remuneration**

##### **A. SITTING FEE**

Sitting fee for attending each meeting of Board as well as the Committees thereof of which they are member, attended by them, shall be payable at the rate decided by the Board from time to time subject to applicable law in this regard.

##### **B. REIMBURSEMENT**

The Company shall reimburse them all expenses properly and reasonably incurred by them for the purposes aforesaid and in performance of duties as per provisions of the applicable laws as per the Company rules and policies.

An independent shall not be entitled to any stock option.

#### **7. Disclosures, other directorships and business interests**

During the tenure, they shall agree to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

#### **8. Changes of personal details**

During the Term, they shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personnel details provided to the Company.

#### **9. Disengagement**

They may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any specified by them in the notice, whichever is



later. Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to the Completion of Term (Subject to the relevant provisions of the Companies Act 2013)

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