

# HYTONE TEXTYLES LTD.

Regd. Off. : Plot No. 70, TTC. MIDC Ind. Area, Near Ramnath Solar Bus Stop, Mahape,  
Navi Mumbai - 400 710 (INDIA) EMAIL : hytone@hytonetextile.com  
Off Mob.: 9324002995 CIN NO.: L17120MH1989PLC050330

## LETTER OF APPOINTMENT OF INDEPENDENT DIRECTOR

Date: September 30, 2017

To,

**Mr. HardikJethalalGala**

Mayur Hill, Flat No. 1

R.A.Kidwai Rd., Wadala (West)

Mumbai - 400031

Maharashtra

### Sub.: Appointment as Non – Executive Independent Director

We are pleased to inform you that the members of the Company have appointed you as aNon-Executive Independent Director on the Board of HytoneTextstylesLimited.

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

### **APPOINTMENT:**

1. You have been appointed as Non-Executive Independent Director on the Board of Directors of the Company w.e.fOctober 1, 2017 to hold office up to the date of the ensuing Annual General Meeting. Your appointment is subject to the approval of shareholders and your term of office shall be decided by the shareholders at the ensuing Annual General Meeting of the Company.
2. Your appointment and tenure as Independent Director shall be subject to the applicable provisions of the Companies Act, 2013(Including any modification(s) or re-enactment thereof, for the time being in force).
3. You may be requested to be a member / Chairman of any one or more Committees of the Board which are in existence and which may be constituted from time to time.
4. You may be requested to be appointed as Director of any Subsidiary of the Company which may be incorporated from time to time.

### **BOARD'S EXPECTATION:**

5. You are expected to take decisions objectively and solely in the interests of the Company, guide the Board in effective discharge of its duties.

The Company expects a commitment of sufficient time and attention as necessary in order to perform your duties and responsibilities as Independent Director. This will include attendance at regular and emergency Board meetings, any annual meeting of Independent Directors and the Annual General Meeting. You may also be required to attend regular meetings of any Board committee of which you are a member.



## **ROLE AND DUTIES:**

6. As an Independent Director, you will be bound by the Code for Independent Directors as mentioned in Schedule IV to the Companies Act, 2013. You shall have the same general legal responsibilities to the Company as any other Director including all fiduciary duties, responsibilities, statutory obligations and liabilities of directors prescribed in law including the Companies Act, 2013.

You shall in particular take note of the following:

- I. You shall act in accordance with the Company's Articles of Association as may be amended from time to time.
- II. You 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. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself 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.
- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as Director and any assignments so made, shall be void.

Schedule IV to the Companies Act, 2013 is attached to this letter as **Annexure I**, for your information.

## **REMUNERATION:**

### **7. Sitting fees:**

As Independent Director, you shall be paid sitting fees for attending the meetings of the Board and Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time, subject to provisions under the Companies Act, 2013 and rules made thereunder.

### **8. Reimbursement of Expenses:**

In addition to the sitting fees, you will be entitled to reimbursement of reasonable expenses incurred by you in relation to participation of Board, Committee and General Meetings of the Company and in discharging your duties.

## **INSURANCE:**

9. If Company takes Directors and Officers (D & O) Insurance Policy, you will be covered for claims made against you while serving on the Board as Directors of the Company.

## **CODE OF CONDUCT:**

10. During the period of appointment, you shall be bound by the Company Code of Directors and such other codes of conduct under applicable laws including the Companies Act, 2013.

## **CONFIDENTIALITY:**

11. You will have access to confidential information, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets),



("Confidential Information"). You shall use reasonable efforts to keep the same confidential and to not disclose it to any third party. If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board of Directors.

#### **CONFLICT OF INTEREST:**

12. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing as soon as they become apparent. During the Appointment, you may please inform us prior to accepting any other (or further) directorships of publicly quoted companies or any major external appointments, to avoid any conflict of interest with your current position in the Company.

#### **EVALUATION:**

13. The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. You will be subject to the evaluation of the performance by the Board of Directors as per the policy of the Company.

Please confirm your agreement to the above by signing and returning the copy of this Letter to the Company.

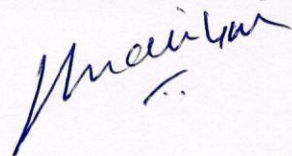
Thanking you,



---

**Praful K Dedhia**  
**Director**  
**DIN: 01103424**

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



Date: 01.10.2017  
Place: Navi Mumbai

---

**Hardik Jethalal Gala**  
**DIN: 02746305**



**SCHEDULE IV [See section 149(8)]**  
**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. 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.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) 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;
- (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:**

The independent directors 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 :**

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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his 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. Manner of appointment:**

- (1) 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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

- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - (a) the term of appointment;
  - (b) 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;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) 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.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

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

#### **VI. Resignation or removal:**

- (1) 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.
- (2) 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.
- (3) 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.

#### **VII. Separate meetings:**

- (1) 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;
- (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.

**VIII. Evaluation mechanism:**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.



**FORM NO. DIR-8**  
Intimation by Director

*[Pursuant to Section 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014]*

Registration No. of Company : 050330  
Nominal Capital : Rs. 14,00,00,000/-  
Paid-up Capital : Rs. 6,80,00,000/-  
Name of Company : Hytone Textstyles Limited  
Address of its Registered Office : Plot No. 70, TTC, MIDC Industrial Area, Mahape Village,  
Navi Mumbai-400706

To,  
The Board of Directors  
**Hytone Textstyles Limited**  
Plot No. 70, TTC,  
MIDC Industrial Area,  
Mahape Village,  
Navi Mumbai-400706

I, Hardik Jethalal Gala, S/o Mr. Jethalal Harshi Gala, resident of Mayur Hill, Flat No. 1, R A Kidwai Road, Wadala (West) Mumbai- 400031, being a Director in the proposed company hereby give notice that I am/was a Director in the following companies during the last three years:-

Name of the Company	Date of Appointment	Date of Cessation
J J Thermoware Private Limited	01/10/2009	

I further confirm that I have not incurred disqualification under section 164 (2) of the Companies Act, 2013 in any of the above companies, in the previous financial year, and that I, at present, stand free from any disqualification from being a director.

**Or**

I further confirm that I have incurred disqualifications under section 164 (2) of the Companies Act, 2013 in the following company(s) in the previous financial year, and that I, at present stand disqualified from being a director.

Name of the Company	Date of Appointment	Date of Cessation
-----NIL-----		

Signature \_\_\_\_\_

Hardik Jethalal Gala  
(Director)  
DIN: 02746305

Date: 04.09.2017



**FORM DIR-2**

**Consent to act as a Director of a Company**

**[Pursuant to section 152(5) and rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014]**

To,  
The Board of Directors,  
**Hytone Textstyles Limited**  
Plot No. 70, TTC,  
MIDC Industrial Area,  
Mahape Village,  
Navi Mumbai-400706

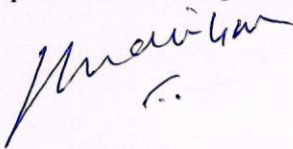
**Subject: Consent to act as Director**

I, Hardik Jethalal Gala, hereby give my consent to act as Director of **Hytone Textstyles Limited**, pursuant to sub-section (5) of section 152 of the Companies Act, 2013 and certify that I am not disqualified to become a Director under the Companies Act, 2013.

1. Director Identification Number(DIN) : 02746305
2. Name (in full) : Hardik Jethalal Gala
3. Father's Name( in full) : Jethalal Harshi Gala
4. Address : Mayur Hill, Flat No. 1, R A Kidwai Road,  
Wadala (West) Mumbai- 400031
5. E-mail id : hardikgala@gmail.com
6. Mobile no : +91 9820320691
7. Income tax PAN : AHJPG4809R
8. Occupation : Business
9. Date of birth : 09/01/1985
10. Nationality : Indian
11. No. of companies in which I am already a Director and out of such companies the name of the companies in which I am a Managing Director, Chief Executive Officer, Whole time Director, Secretary, Chief Financial Officer, Manager –1, **Director in J J Thermoware Private Limited**
12. Particulars of membership No. and Certificate of practice No. if the applicant is a member of any professional Institute- NIL

**Declaration**

I declare that I have not been convicted of any offence in connection with the promotion, formation or management of any company or LLP and have not been found guilty of any fraud or misfeasance or of any breach of duty to any company under this Act or any previous company law in the last five years. I further declare that if appointed my total directorship in all the companies shall not exceed the prescribed number of companies in which a person can be appointed as a director.



---

**Hardik Jethalal Gala**  
Designation: Director  
(DIN: 02746305)

**Date: 04.09.2017**  
**Place: Mumbai**



# HYTONE TEXTYLES LTD.

Regd. Off. : Plot No. 70, TTC. MIDC Ind. Area, Near Ramnath Solar Bus Stop, Mahape,  
Navi Mumbai - 400 710 (INDIA) EMAIL : hytone@hytonetextile.com  
Off Mob.: 9324002995 CIN NO.: L17120MH1989PLC050330

## LETTER OF APPOINTMENT OF INDEPENDENT DIRECTOR

Date: September 30, 2017

To,  
**Mr. Hemang Shah**  
Opp. Jain Mandir C/G, Prem Kanku Bldg.,  
Navroji Cross Lane, Ghatkopar (West),  
Mumbai- 400086  
Maharashtra

### Sub.: Appointment as Non – Executive Independent Director

We are pleased to inform you that the members of the Company have appointed you as a Non-Executive Independent Director on the Board of HytoneTextyles Limited.

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

#### **APPOINTMENT:**

1. You have been appointed as Non-Executive Independent Director on the Board of Directors of the Company w.e.f October 1, 2017 to hold office up to the date of the ensuing Annual General Meeting. Your appointment is subject to the approval of shareholders and your term of office shall be decided by the shareholders at the ensuing Annual General Meeting of the Company.
2. Your appointment and tenure as Independent Director shall be subject to the applicable provisions of the Companies Act, 2013 (Including any modification(s) or re-enactment thereof, for the time being in force).
3. You may be requested to be a member / Chairman of any one or more Committees of the Board which are in existence and which may be constituted from time to time.
4. You may be requested to be appointed as Director of any Subsidiary of the Company which may be incorporated from time to time.

#### **BOARD'S EXPECTATION:**

5. You are expected to take decisions objectively and solely in the interests of the Company, guide the Board in effective discharge of its duties.

The Company expects a commitment of sufficient time and attention as necessary in order to perform your duties and responsibilities as Independent Director. This will include attendance at regular and emergency Board meetings, any annual meeting of Independent Directors and the Annual General Meeting. You may also be required to attend regular meetings of any Board committee of which you are a member.



## **ROLE AND DUTIES:**

6. As an Independent Director, you will be bound by the Code for Independent Directors as mentioned in Schedule IV to the Companies Act, 2013. You shall have the same general legal responsibilities to the Company as any other Director including all fiduciary duties, responsibilities, statutory obligations and liabilities of directors prescribed in law including the Companies Act, 2013.

You shall in particular take note of the following:

- I. You shall act in accordance with the Company's Articles of Association as may be amended from time to time.
- II. You 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. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself 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.
- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as Director and any assignments so made, shall be void.

Schedule IV to the Companies Act, 2013 is attached to this letter as **Annexure I**, for your information.

## **REMUNERATION:**

### **7. Sitting fees:**

As Independent Director, you shall be paid sitting fees for attending the meetings of the Board and Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time, subject to provisions under the Companies Act, 2013 and rules made thereunder.

### **8. Reimbursement of Expenses:**

In addition to the sitting fees, you will be entitled to reimbursement of reasonable expenses incurred by you in relation to participation of Board, Committee and General Meetings of the Company and in discharging your duties.

## **INSURANCE:**

9. If Company takes Directors and Officers (D & O) Insurance Policy, you will be covered for claims made against you while serving on the Board as Directors of the Company.

## **CODE OF CONDUCT:**

10. During the period of appointment, you shall be bound by the Company Code of Directors and such other codes of conduct under applicable laws including the Companies Act, 2013.

## **CONFIDENTIALITY:**

11. You will have access to confidential information, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets),



("Confidential Information"). You shall use reasonable efforts to keep the same confidential and to not disclose it to any third party. If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board of Directors.

**CONFLICT OF INTEREST:**

12. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing as soon as they become apparent. During the Appointment, you may please inform us prior to accepting any other (or further) directorships of publicly quoted companies or any major external appointments, to avoid any conflict of interest with your current position in the Company.

**EVALUATION:**

13. The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. You will be subject to the evaluation of the performance by the Board of Directors as per the policy of the Company.

Please confirm your agreement to the above by signing and returning the copy of this Letter to the Company.

Thanking you,



---

**Praful K Dedhia**  
**Director**  
**DIN: 01103424**

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

Date: 01.10.2017  
Place: Navi Mumbai

---

**Hemang Shah**  
**DIN: 07898953**



**SCHEDULE IV [See section 149(8)]****CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. 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.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) 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;
- (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:**

The independent directors 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 :**

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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his 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. Manner of appointment:**

- (1) 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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

- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
- (a) the term of appointment;
  - (b) 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;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) 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.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

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

#### **VI. Resignation or removal:**

- (1) 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.
- (2) 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.
- (3) 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.

#### **VII. Separate meetings:**

- (1) 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;
- (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.

**VIII. Evaluation mechanism:**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.