



## **CEIGALL INDIA LIMITED**

### **Terms and conditions for Appointment of Independent Directors**

The terms and conditions for appointment of an Independent Directors are subject to the extant provisions of the:

- (i) applicable laws, including the Companies Act, 2013 (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), and
- (ii) Articles of Association of the Company.

The broad terms and conditions of their appointments as an Independent Directors (“ID’s”) of the Company are set forth hereunder:

#### **1. APPOINTMENT & TENURE**

The appointment of an Independent Director will commence from the effective date of appointment for the period as may be decided at the time of the appointment. This tenure is subject to your meeting the criteria for being an Independent Director and not being disqualified to be a director under applicable laws on a continuous basis.

As an Independent Director, you are not liable to retire by rotation.

Your appointment and continuation of office is subject to the applicable provisions of the Act and LODR. The appointment is also subject to the maximum permissible directorships that one can hold as per the provisions of the Act.

#### **2. BOARD COMMITTEES**

As advised by the Board, during the tenure of office, you may be required to serve on one or more Committees of the Board constituted by the Company (“Committees”). Consequent upon your appointment to one or more Committees, you will be provided with the terms of reference of the relevant Committee.

Currently the Board has the following Committees: -

1. Audit Committee.
2. Nomination & Remuneration Committee.
3. Stakeholders Relationship Committee.
4. Risk Management Committee
5. CSR Committee.
6. Management Committee

Besides being member of some Committee of Board at present, the Board may invite you for being appointed on one or more existing Committees as specified above or any such Committee that may be set up in the future.

### **3. TIME COMMITMENT**

As an Independent Director, you are expected to bring objectivity and independence of view to the Board's deliberations and to help the Board with effective overview of the Company's strategy, performance, social commitments and risk management and ensure high standards of financial integrity and governance. You are required to perform the duties expected from you including (without limitation) attending Board/Committee meetings of which you are a member and shareholders meetings and to devote such time as appropriate, for you to discharge your responsibilities and duties effectively.

### **4. ROLE & DUTIES**

Your role and duties will be as set out under the Act and the LODR including but not limited to the fiduciary duties associated with the office of an Independent Director. As an Independent Director (and without prejudice to the roles, functions and duties specified in Schedule IV of the Act), you shall:-

- i. act in accordance with the Articles of Association (AOA) of the Company.
- ii. act in good faith in order to promote the objectives of the Company for the benefits of its members as a whole and in the best interests of the Company;
- iii. discharge responsibilities and duties with due and reasonable care, skill and diligence by exercising independent judgement.
- iv. strive to attend every meeting of the Board and its Committee(s) of which you are a member and general meetings.
- v. strive to attend any other meetings, where your attendance is solicited.
- vi. provide strategic direction and also act as a constructive critic in evaluating the proposal and plans on strategic direction.
- vii. evaluate and scrutinize the performance of the management in meeting agreed goals and objectives.
- viii. satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and compliant with applicable laws.
- ix. keep yourself well informed about the Company and the external environment in which it operates.
- x. and ensure that the vigil mechanism policy of the Company is implemented and report concerns about any unethical behaviour, actual or suspected fraud or violation of the Code of Conduct (as defined below).

### **5. ADHERENCE TO THE CODE OF CONDUCT**

During your tenure as an Independent Director of the Company, you are required to comply and abide with the provisions of the Act and LODR including the following:-

- a. Code for Independent Directors outlined in Schedule IV of the Act (Copy enclosed) and duties of Directors as provided in the Act including Section 166 of the Act and Regulation 25 of LODR;
- b. Code of Conduct for Board and Senior Management framed under the LODR; and
- c. Code of practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information (the "Fair Disclosure Code") framed under SEBI (Prohibition of Insider Trading) Regulations, 2015

## **6. PROFESSIONAL CONDUCT AND CONFLICT OF INTEREST**

- a. You are also required to ensure that you do not participate in or vote at any meetings of the Board/Committees wherein you are an interested director.
- b. You shall not achieve or attempt to achieve any undue gain or advantage either for yourself or for your relatives, partners, or associates.
- c. You shall not allow any extraneous considerations to vitiate your 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.
- d. You should not abuse their position to the detriment of the Company or its shareholders.
- e. You shall not unfairly obstruct the functioning of the Board or Committee meeting(s);
- f. You should not put yourself in a position which results in a direct or indirect conflict of interest or possible conflict of interest with the Company; and
- g. You should not assign your office of an Independent Director and any assignments so made shall be void.

## **7. CONFIDENTIALITY**

- a. All information including commercial secrets, technologies, advertising and sales promotion plans related to the Company and/or Ceigall group that is acquired by you or provided to you during your tenure is confidential to the Company and should not be released/disclosed either during your tenure or following termination (by whatever means) to third parties without prior authorisation by the Board, unless such release/disclosure is required by law or by the rules of any stock exchange or regulatory body/authority. Accordingly, you are expected to maintain all agenda, notes, data, records and other documents in any way relating to the Company or the Company's business interest, as highly confidential and maintain them as inaccessible to others;
- b. Your attention is also drawn to the requirements under the applicable regulations and the Insider Trading Code in relation to the disclosure of unpublished price sensitive information and dealing in the securities of the Company. Consequently, you should avoid making any statements or performing any transaction that might risk a breach of these requirements without prior clearance from the Board; and
- c. At all times and notwithstanding your ceasing to be an Independent Director of the Company, you are expected not to use such information for personal or professional benefit or disclose such confidential information to third parties who may use the same for their personal or professional benefit, or otherwise engage in any activity that would constitute insider trading.

## **8. DISCLOSURES OF INTEREST**

- a. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition of your appointment, you are required to submit various disclosures/declarations under applicable laws and as per Company's policies including declarations with respect to any directorships, appointments and interests to the Board in writing. In accordance with Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, you will serve as an Independent Director in more than seven listed companies including the Company and if you were to be appointed as a whole time director in any listed company, they will not serve as an Independent Director in more than three listed companies including the Company. Further, in no event you shall hold directorships in companies beyond the limits specified in Section 165 of the Act.
- b. During the term of your appointment, you agree to promptly notify the Company of any change in your directorships and provide such disclosure and information as may be required under the

- applicable laws; and
- c. You shall refrain from any action that would lead to loss of your independence. In the event that your circumstances seem likely to change which might give rise to conflict of interest or such changes in your circumstances could lead the Board to revise its judgement regarding their independence, such changes or possible changes in your circumstances should be disclosed to the Board promptly.

## **9. EVALUATION**

The performance of the members of the Board shall be evaluated on an annual basis. The performance evaluation of Independent Directors shall be done by the entire Board, excluding the director being evaluated. Your continuation as Independent Director on the Board shall be subject to the outcome of the annual evaluation process.

## **10. INDEPENDENT DIRECTORS' MEETING**

A separate meeting of the Independent Directors will be held at least once every year without the attendance of the non-independent directors and the members of the management. The Company expects all the Independent Directors to strive to be present at this meeting.

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 timelines of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **11. LIABILITY OF NON-EXECUTIVE DIRECTORS & INDEPENDENT DIRECTORS:**

Abiding by the provisions of the Act, we would like to mention that you being a non-executive independent director of the Company, will be held liable, only in respect of such acts of omission or commission which have occurred with your knowledge, attributable through Board processes, and with your consent or convenience or where you have not acted diligently.

## **12. DIRECTORS AND OFFICERS (D&O) LIABILITY INSURANCE:**

A Directors & Officers (D&O) Liability Insurance policy is an insurance cover to protect the individual directors and officers in respect of personal liabilities arising out of their unintentional wrongful acts, committed in the course of their official duty. These wrongful acts can be actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission.

The Company proposes to have a Directors and Officers (D&O) liability insurance policy in place under which all directors of the Company would be covered.

## **13. REMUNERATION**

A sitting fee will be paid to the Independent Director for attending each meeting of the Board as well as the Committee meetings, as may be decided by the Board from time to time in accordance with the Limits prescribed under the Act and Rules made thereunder.

#### **14. REIMBURSEMENT OF EXPENSES**

In addition to the remuneration described in Clause 13, the Company will, for the period of your appointment, reimburse you reasonable expenses incurred in the discharge of your roles/duties including:

Business class airfare to attend the Board or Committee meetings or General Meetings of Members, Court Convened Meetings or Meetings with Creditors, wherever applicable.

Accommodation in a hotel of high standing during the days of the Board and Committee meetings or General Meetings of Members, Court Convened Meetings or Meetings with Creditors, and during the day prior to such meetings, as may be necessary.

Out-of-pocket expenses like conveyance, food and incidentals that are incurred during the days of the Board and Committee meetings or General Meetings of Members, Court Convened Meetings or Meetings with Creditors.

#### **15. STOCK OPTION**

Independent Directors is not eligible to participate in Stock option schemes of the Company

#### **16. TERMINATION**

- i. You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board.
- ii. Your re-appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company, the Companies Act, 2013 and other applicable laws.

#### **17. DEALINGS IN SHARES**

You are required to comply with the applicable laws and Company's policies in relation to dealing with the shares of the Company.

#### **18. CO-OPERATION**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably required by the Company or its counsels, during or after your tenure with the Company.

#### **19. ORIENTATION/ INDUCTION/ TRAINING**

The Company shall provide suitable training to independent directors to familiarize them with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the Company operates, business model of the Company, risk profile of the business parameters of the Company from time to time.

#### **20. MISCELLANEOUS**

Independent Directors shall give an annual declaration as required under the provision of section 149(7) of the Companies Act, 2013 and the rules made thereunder and as per SEBI (LODR) Regulation, 2015.

**Schedule IV of Companies Act, 2013**

[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 fulfilment 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) scrutinize 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 fulfills 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 formalized 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 3 months 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.