

Date: 19.05.2022

Dear Ms. Pameela Rani Yalamanchili

**Subject:** Your appointment as Independent Director (Non-Executive) on the Board of Directors of Krishna Institute of Medical Sciences Limited ("KIMS" or "the Company") in accordance with provisions of the Companies Act, 2013 and the relevant rules, circular, or notifications issued thereunder.

At the outset, we would like to thank you for considering joining the Board of Directors of the Company (**"the Board"**). The Company will benefit immensely from your wealth of experience and the guidance that you will be able to provide to the Company.

We write to confirm that the Board, has approved your appointment as Director (Independent and Non-Executive) on the Board dated 19<sup>th</sup> May 2022. Your appointment is with effect from 19<sup>th</sup> May 2022 and subject to approval by the shareholders in their next general meeting in terms of the applicable provisions of the Companies Act, 2013, and the relevant rules, circulars, or notifications issued thereunder ("the Act").

The appointment is basis following declarations/documents provided by you:

- a) Form DIR-2 - Consent to act as a director of the Company
- b) Form MBP-1 - Notice of Interest by director
- c) Form DIR-8 – Intimation by the director about directorship in other companies and declaration that he is free from disqualification from being a director
- d) Additional declaration by Independent Director
- e) CV and KYC Documents

This letter sets out the terms and conditions of your appointment as Independent and Non-Executive Director of the Company. Kindly note that your relationship with the Company will be that of an officeholder and shall not be a contract of employment. There will be no relationship between employer and employee as a consequence of appointment as a director of the Company.

The terms of your appointment as set out hereunder are subject to provisions of applicable laws, including the Act and the Articles of Association of the Company, Listing Agreement, relevant SEBI Regulations, and all other applicable laws.

## 1. Term of Appointment

You have been appointed for an initial term of **three (3)** years from the effective date of the appointment i.e. up to **18.05.2025**. You would also be eligible for re-appointment as Independent and Non-Executive Director, subject to provisions of the applicable law including the Act, through the recommendation of the Board or any of its Committees appointed in this regard and approval

Krishna Institute of Medical Sciences Limited

Minister Road, Secunderabad - 500 003, Telangana, India

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CIN: L55101TG1973PLC040558



of the shareholders in their general meeting, for a further term as approved, under largely the same terms and conditions.

## **2. The expectation of the Board from you as an Independent and Non-Executive Director**

As an Independent and Non-Executive Director, we are certain that you will bring objectivity and independence of view to the Board's discussions and help provide the Board with effective leadership about the Company's strategy, performance, and risk management as well as ensure high standards of financial integrity and corporate governance.

We will look forward to you attending the meetings of the Board, its Committees to which you may be appointed as a member, as also shareholders meetings. The notice of the meeting shall specify the place of the meeting and it is expected that the meeting shall also have the facility to participate through audio-visual means, subject to provisions of the applicable law including the Act. The Board would seek your involvement in the business meetings, introduction, and engagement with prospective customers, employees, advisors, and other such parties. In addition to such attendances, you are expected to devote appropriate preparation time ahead of each meeting.

## **3. Committees of the Board**

The Board may also invite you for being appointed to one or more committees of the Board. Your appointment on such Committee(s) will be subject to the applicable laws and regulations including the Act.

## **4. Fiduciary Duties**

Your role and duties will be those normally required of an Independent and Non-Executive Director under the Companies Act, 2013, relevant SEBI Regulations, and the articles of association of the Company. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and *inter alia* include the following:

- (i) You shall act in accordance with the Company's Articles of Association;
- (ii) You shall act diligently and in good faith 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 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;
- (iv) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates;
- (v) You shall not assign your office as Director and any assignments so made shall be void.



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## 5. Access to Company Information and Independent Advice

You are authorized to seek any information, where necessary, which directors may require from any employee of the Company. Where appropriate, a formal request may be made to the Managing Director and Chief Executive Officer, Chief Financial Officer, and Company Secretary, or any of the business/functional heads of the Company, to facilitate the process.

## 6. Training and Development

You will be provided with necessary documents/brochures, reports, and internal policies to enable you to familiarize yourself with the Company's procedures and practices. You may also be invited to attend ongoing training and familiarization sessions for Directors.

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

## 7. Evaluation Process

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

## 8. Conflict of Interest

It has been noted and acknowledged by us that you may have business interests other than those of the Company. As a condition to your appointment and according to the provisions of the Act, you are required to declare any such directorships, appointments, and interests to the Board in writing in the prescribed form (Form MBP-1), from time to time, in future.

If your circumstances seem likely to change and might give rise to a conflict of interest, or when applicable, circumstances that might lead the Board to revise its judgment that you are independent, this should be disclosed to both the Chairman and the Company Secretary.

## 9. Confidentiality

You agree that, both during and after the term of your appointment, you will not use for your own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary, or any group or associate companies of the Company, which you may acquire by your position as an independent director, including without limitation, any information about the deliberations of the Board. The restriction shall cease to apply to any confidential information which may (other than because the director breaches this term), become available to the public generally.



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## 10. Powers and the Company's Responsibilities

You shall not be involved in the day-to-day management or conduct of the Company. You shall not be named in any correspondence, applications, licenses, approvals, compliance reports, or otherwise as to the person in charge of or responsibility for the operations of the Company (including without limitation as "officer who is in default" and "occupiers" or "employers") or compliance by the Company of any laws or licenses or as an "occupier" or an "officer who is in default". The Company shall assert such position in any notice, reply, litigation, or other proceedings in which any liability is sought to be attached to you.

## 11. Liabilities

As per Section 149(12) of the Act, you shall be held liable only in respect of such acts of omission or commission by a company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

The Company shall reimburse directors for any legal expenses incurred in respect of those liabilities that the director may incur as a director of the Company, provided that there is no fraud or misrepresentation on the director's part, except that to the extent that any claim under the insurance is invoked, any such expenses shall be paid to the Director under the terms of the Insurance.

## 12. Indemnity

You are granted an indemnity from the Company in respect of liabilities incurred as a result of your office, to the extent permitted by law including the Act.

## 13. Provision for Directors and Officers Insurance, if any

The Company has a Directors and Officers Insurance Policy in place, which shall also be extended to you as an Independent and Non-Executive Director. The details of the same shall be shared with you separately.

## 14. Code of Conduct

During the tenure of your appointment, we trust that you will comply with provisions of the Code of Conduct for Directors adopted by the Board. We have attached a copy of the same for your reference as **Annexure – 1**.

As Independent Director, you are also required to comply with the Code for Independent Directors as contained in Schedule IV of the Companies Act, 2013. We have attached a copy of the same for your reference as **Annexure - 2**.

We are certain that you will uphold the interests of the Company and fulfill your fiduciary obligations. We further trust that you will act by the highest standards of honesty, integrity, fairness and good faith, and due diligence in performing your duties.



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We are certain that you will uphold the interests of the Company and fulfill your fiduciary obligations. We further trust that you will act by the highest standards of honesty, integrity, fairness and good faith, and due diligence in performing your duties.

**15. List of actions that should be avoided while functioning as an Independent and Non-Executive Director:**

- (i) not allow any extraneous considerations that will vitiate your exercise of objective independent judgment, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (ii) not abuse your position to the detriment of the company or its shareholders or to gain a direct or indirect personal advantage or advantage for any associated person;
- (iii) not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- (iv) not disclose confidential information, including commercial secrets, technologies, advertising, sales promotion plans, and unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;
- (v) not enter into insider trading of securities;
- (vi) not put yourself in a position where you have or may have an actual or potential conflict of interest with the Company and, should such an occasion arise, you should discuss the matter with the Board or the Company Secretary immediately;
- (vii) not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates;
- (viii) not assign your office and any assignment so made shall be void;

**16. Remuneration, Fees, Commission, or Reimbursement of Expenses**

- (i) You shall be entitled to receive an annual amount of Rs 7,00,000 as a fixed commission, payable every quarter in arrear, effective from 19.05.2022.
- (ii) You shall be entitled to receive reimbursement of expenses including travel, boarding, and lodging, based on actuals, for participating in the Board, its Committee, and other meetings;
- (iii) The Company does not pay sitting fees to its Directors as of now. Payment of sitting fees, if any, in the future, shall be subject to the approval of the committee and the Board and also subject to the ceilings or conditions as specified in the Act;
- (iv) Profit-related commission, if any, shall be subject to the provisions of the Act and at the discretion of the Board or its appointed Committee and the shareholders.

**17. Governing Law**

The Appointment and the terms are governed by the laws of India.

We are confident that the Board and the Company shall benefit immensely from your rich experience.



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We are eager to have you on Board as an integral part of the growth of the Company. We request you to confirm and acknowledge your appointment as Independent and Non-Executive Director by signing a copy of this letter.

**Yours Sincerely,**

*For Krishna Institute of Medical Sciences Limited*



**Dr. B. Bhaskar Rao**  
**Managing Director**



Place: Hyderabad  
Date: 19.05.2022

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I consent to accept my appointment as Independent and Non-Executive Director of Krishna Institute of Medical Sciences Limited, as per the terms set out above.



**Name of Director:** Y. Prameela Rani  
**DIN:** 03270909

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**KRISHNA INSTITUTE OF MEDICAL SCIENCES LIMITED**  
**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

## **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

### **I. Preface:**

The board of directors of the Krishna Institute of Medical Sciences Limited ( “**Company**”) in pursuance of Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof), adopted the policy for code of conduct for members of the board of directors of the Company (“**Board**”) and senior management personnel vide its Board meeting held on 22.02.2017. (“**Policy**”) and amended vide its Board meeting held on 25.05.2021.

Over the years, the Company conducted its business with very high ethical and moral standards. This has resulted in gaining reputation as a professionally managed Company. As the Company grows and expands, it is extremely important to continue to exhibit high levels of ethical standards and professional behavior in everything that the Company does.

This Policy for directors and senior management personnel is a guide to help senior management team and Board and its global subsidiaries live up to Company’s high ethical standards and their own. Though it summarizes many of the laws that Company is required to follow, it also goes beyond the legal minimums by describing the ethical values we share at our Company.

The rules and principles set forth in this Policy are general in nature and the compliance with the Policy shall be ensured read with other applicable policies and procedures of the Company. The directors and senior management personnel may contact the Compliance Officer for assistance in interpreting the requirements of this Policy.

The Board adopted this Policy as a testimony of its commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflicts of interest.

This model Policy shall be reviewed by the Board from time to time to keep in pace with the regulatory environment and any amendments to this Policy shall be approved by the Board.

### **II. Effective Date:**

The Policy shall be effective from the date of Listing i.e. 28.06.2021

### **III. Applicability:**

The directors both whole-time/executive and non-executive (including independent directors), are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures. The Board is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As directors of the Company, they have a duty to make decisions and implement policies in the best interest of the Company and its stakeholders.

This Policy is applicable to:

- The directors, both whole-time/executive and non-executive directors.
- Senior management team comprising of members of management one level below the Whole-time/Executive directors, including all functional heads.

The role, functions and duties of the Independent directors are listed at Annexure-1 to this Policy.



#### **IV. Honest & Ethical Conduct:**

The directors & senior management personnel are required to act in accordance with the highest standards of personnel and professional integrity, honestly, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events.

An honest conduct is considered as such when a conduct is free from fraud or deception. We consider ethical conduct to be conduct confirming to the accepted professional standards of conduct and include ethical handling of actual or apparent conflicts of interests between personal and professional relationships.

The directors and the senior management personnel shall

- Act honestly, fairly, ethically, with integrity and loyalty and conduct themselves in a professional, courteous and respectful manner;
- Act in the best interests of the Company and in a manner to enhance and maintain the reputation of the Company, and fulfill their fiduciary duties to the stakeholders of the Company.
- Act in good faith, with responsibility, due care, competence, diligence and independence.
- Treat their colleagues and other associates of the Company with dignity.

#### **V. Conflict of Interest:**

The directors and senior management personnel are expected to avoid and disclose any activity or association that creates or appears to create a conflict between the personal interest and the Company's business interest. A conflict of interest exists where the interest or benefits of one person or entity conflict with the interests or benefits of the Company.

Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment on behalf of the Company. General guidelines to better understand several of the most common examples of situations that may cause a conflict of interest are listed below. Directors & the senior management personnel are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest. When in doubt, disclose.

##### **A. Outside Employment:**

Whole-time/Executive directors and senior management personnel shall not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without approval of the Board. Any outside activity must be strictly separated from the Company's employment and should not harm job performance at the Company. The Whole-time/Executive directors and the senior management personnel shall devote themselves exclusively to the business of the Company and shall not accept any other work or assignment (part-time or otherwise).

##### **B. Board Memberships:**

Acceptances of directorship on the Boards of other Companies, which compete, with the Company amounts to conflict of interest, hence, require prior approval of the Board. Helping the community by serving on Boards of non-profit or welfare organizations is encouraged, and does not require prior approval.

**C. Family Members and Close Personal Relationships:**

Directors and senior management personnel shall not use personnel influence to make the Company do business with a company/institution in which his or her relatives are interested. As a general rule, directors and senior management personnel shall avoid conducting Company's business with a relative or with an entity in which a relative is associated in any significant role. In case of conflicts, disclosure shall be made to the Board and a prior approval shall be obtained.

**D. Gifts** (*Gifts are not always physical objects – they might also be services, favors or other items of value*).

The directors and senior management personnel shall not accept lavish gifts or gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely to compromise their personal or professional integrity. Gift items of nominal value, such as small promotional items bearing another company's name, business meals, gifts received because of personal relationships and not because of official position, mementos received because of attending a widely held gatherings as panelist/speaker and other customary gifts are allowed.

**E. Investment:**

Directors and senior management personnel may not allow their investments to influence, or appear to influence, their independent judgment on behalf of the Company. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a director or senior Manager has a significant investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party. The directors and senior management personnel shall seek prior consent of the Board before making any investments more than 15% of the paid-up capital of the other entity.

**F. Diversion of Business:**

Directors and senior management personnel shall not divert business opportunities of the Company, by exploiting for their own personal gain, business opportunities that are discovered through the use of corporate propriety information or position. However the directors and senior management personnel can pursue such business opportunities once they are fully disclosed to the Company and the Company declined to pursue such opportunities.

**G. Use of Company's Assets:**

The assets of the Company shall be used for legitimate business purposes and shall not be used for personal purposes. Incidental personal use, if reasonable does not amount to violation of the Policy.

**H. Others:**

It would be impracticable to attempt to list all possible conflict of interest's situations and it is possible that other such situations, which are not enumerated above, may arise. All such situations, which arise any questions or doubts, may please be brought to the notice of the Board for appropriate decision.

**VI. Legal Compliance:**

It is the general obligation of the directors to conduct the business and operations of the Company in accordance with the laws, rules, regulations, agreements, guidelines, standards including accounting standards governing its operations. The directors and senior management personnel shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to

perform their obligations diligently. The directors and senior management personnel shall also comply with the internal policies and procedures of the Company to the extent applicable to them including but not limited to compliance with Prohibition of Insider Trading policy of the Company.

#### **VII. Corporate Disclosure Policy:**

It is the Company's policy to ensure continuous, timely and adequate disclosure of Company's information. The Company is committed to full fair, accurate, timely and understandable disclosure in reports and documents it files with or submits to the regulatory authorities and in other public communications. The directors and senior management personnel shall provide only public information to the analyst/research person/large investors like institutions. The directors and senior management personnel must maintain the confidentiality of information relating to the affairs of the Company until and unless authorized or legally required to disclose such information; and shall not use confidential information for their personal advantage.

#### **VIII. Competition and Fair Dealing:**

The directors and senior management personnel are obligated to deal fairly and honestly with each other, the Company's associates and with the Company's customers, suppliers, competitors and other third parties. Directors and senior management personnel shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing or practice. The Company is committed to free and open competition in the marketplace. Directors and senior management personnel shall avoid actions that could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

#### **IX. Compliance of code of conduct:**

It is the duty and obligation of every directors and senior management personnel to comply with this Policy and he/she shall acknowledge and affirm ongoing compliance with the Policy on an annual basis. Any violation of the Policy shall be reported to the Chairman of the Board and to the Compliance Officer of the Company. The Policy shall be posted on the website of the Company. The annual report of the Company shall contain a declaration to this effect signed by the chief executive officer of the Company.

#### **X. Acknowledgement:**

The directors and senior management personnel shall read and fully understand this model Policy and comply with the policies procedures and principles contained therein.

#### **XI. Policy review, etc.:**

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this Policy.

## **Annexure - 1**

### **I. 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.

### **II. Role and functions:**

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 and of the committees of the Board 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 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.

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**CODE FOR INDEPENDENT DIRECTORS**  
(Refer Schedule IV of the Companies Act, 2013)

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) 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) act within their 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 three 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 financial 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.