

## **DRAFT LETTER OF APPOINTMENT TO BE ISSUED ON APPOINTMENT TO INDEPENDENT DIRECTOR**

Date: -----

To,

*(Name & Address of the  
Independent Director )*

### **Sub:- Your Appointment as an Independent Director on the Board of the company.**

We are pleased to inform you that at the Annual General Meeting of the shareholders held on *(Date of General Meeting)* you have been appointed as the independent Director of the Company. The terms and conditions of your appointment as an Independent Director are as under. Please note that this is a contract for services and is not a contract of employment.

As an independent director, you shall abide by the Code of Conduct applicable to the independent director of the Company and more specifically defined in the Schedule IV of the Companies Act, 2013 as provided in the attached Annexure. In addition to the above, you will abide by the (Company) Code of Ethics and Business Principles to extent applicable to you as independent director of the Company.

### **Duration of Appointment**

The appointment is for an initial term of five years commencing on -----.

### **Role of the Board**

The board's role is to effectively represent, and promote the interests of, shareholders with a view to adding long-term value to the Company's shares. Having regard to its role the board directs, and supervises the management of, the business and affairs of the Company including, in particular:

- ensuring that the Company's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- monitoring the performance of management;

- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and otherwise conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, day to day management of the company is left to management.

### **Timing and Location of Board Meetings, and Time Commitment**

The board normally meets once in a quarter, excepts holds additional meetings as the occasion requires. Meetings usually take place at the Company's head office in Mumbai with at least one separate independent Directors meeting in a year. The duration of each meeting typically runs to half a day.

In addition to routine board meetings you should allow time for committee meetings, preparatory work and travel, and ensure that you are in a position to make the necessary overall time commitment.

### **Remuneration**

You will be paid sitting fees and commission as may be determined by the Board of Directors from time to time based on the performance of the Company and your performance as evaluated by the Board of Directors.

The Company will reimburse you for all direct and indirect expenses such as toll calls, accommodation and travelling expenses, reasonably and properly incurred and documented and incurred in connection with attending the Board Meeting or any Board Committee meeting or in relation to the business of the company .

### **Board and Individual Director Evaluation Processes**

The performances of the board as a whole, its committees and individual directors are evaluated annually.

## **Outside Interests Including Directorships**

It is accepted and acknowledged that you may have business interests other than those of the Company. Please contact the Company Secretary as soon as possible to arrange for your interests as a shareholder, director, officer or trustee of other companies or entities to be entered in the Company's interests register. Please ensure that the Company is kept informed of any changes to your interests so that the interests register can be maintained up to date.

Any director is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the Company's business and does not materially interfere with their performance as a director of the Company.

## **Shareholding in the Company**

When buying or selling shares directors are expected to strictly observe the provisions of the Company's constitution, the Company's own internal rules and all relevant legislative and regulatory procedures including, in particular, Stock Exchange listing requirements. However you shall not be entitled to stock options in the company as per the law requirements.

## **Direct or indirect interest as an independent Director of the company**

You shall not become interested or otherwise concerned, directly or through your spouse and/or children, in any selling agency of the Company.

You shall not, as long as function as Independent director of the Company, become interested or otherwise concerned directly or indirectly in any contract with the Company, as contemplated in Section 188 of the Act, without the prior approval of the Board and shareholders as applicable.

## **Access to Independent Professional Advice**

All directors are entitled to obtain independent professional advice relating to the affairs of the Company or to their responsibilities as directors. If, in your own case, you consider such advice is necessary, you should first discuss it with the Chairman. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but you should ensure, so far as is practicable, that it is reasonable.

## **Disengagement**

Independent Directors may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the

date, if any, specified by them in the notice, whichever is later. Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the 2013 Act) upon violation of any provision of the Code of Conduct as applicable to non executive directors or upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the Companies Act, 2013, as may be amended from time to time.

### **Confidentiality**

All information acquired as an Independent director of the Company shall not be disclosed any time to any persons whomsoever or make use whatsoever for your own purpose or for any purpose of any information or knowledge obtained by you as director the Company

We look forward to your association with us.

Yours sincerely,

**For Emkay Global Financial Services Limited**

**Managing Director**

**Encl: As above**

## **ANNEXURE**

### **INDEPENDENT DIRECTORS' CODE OF CONDUCT**

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. 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 system 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 communities 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 behavior, 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 or 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 view 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.

## **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.