



khaitan (India) Limited
CIN No. L10000WB1936PLC008775

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Terms and Conditions of Appointment of Independent Directors



1. Appointment

In accordance with the provisions of the Companies Act, 2013 ("Act") and other applicable laws, he / she will serve as an Independent Director of the Board from ("date of appointment") till ("First Term"). As an Independent Director he / she will not be liable to retire by rotation and his / her appointment is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

In terms of the Act, he / she may be eligible to serve as an Independent Director for another term of up to 5 years, subject to the recommendation of the Nomination and Remuneration Committee and passing of special resolution by the shareholders of the Company.

The terms of the appointment, as set out in this letter, are subject to the provisions of the (i) applicable laws, including the Act and the Listing Regulations and (ii) Articles of Association of the Company ("AOA").

2. Role, Duties and Responsibilities

- A) As a member of the Board he / she along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
- Requirements under the Companies Act, 2013,
 - Responsibilities of the Board as outlined in the Listing Regulations,
 - Accountability under the Directors' Responsibility Statement.
- B) He / She shall abide by the 'Code of Conduct' for Independent Director as outlined in Schedule IV to Section 149(8) of the Act, and the duties of directors as provided in the Act (including Section 166) and in Regulation 4(2) (f) of the Listing Regulations.
- C) The Independent Director will provide guidance in his / her area of expertise.

3. Professional Conduct for Independent Directors:

As an Independent Director, he / she shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his / her duties;
- iii. exercise his / her responsibilities in a bona fide manner in the interest of the Company;
- iv. devote sufficient time and attention to his / her professional obligations for informed and balanced decision-making;
- v. not allow any extraneous considerations that may vitiate his / her exercise of objective behind independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making;
- vi. not abuse his / her 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;
- vii. refrain from any action that could lead to a loss of his / her independence;
- viii. ensure that if circumstances arise under which he / she may lose independence, he / she will immediately inform the Board accordingly;
- ix. Assist the Company in implementing the best corporate governance practices.



4. Role and Function of Independent Directors:

An Independent Director shall:

- i. 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;
- ii. bring an objective view in the evaluation of the performance of the Board and the Management;
- iii. scrutinize the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;
- iv. satisfy himself on the integrity of financial information, financial controls and the systems of risk management;
- v. safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. balance the conflicting interest of the stakeholders;
- vii. 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;
- viii. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between Management and shareholder's interest.

5. Duties:

As an Independent Director, he / she shall:

- i. undertake the appropriate induction into the Board and regularly update and refresh his /her skills, knowledge and familiarity with the Company;
- ii. seek appropriate clarifications and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- iii. strive to attend every meeting of the Board and of the Board committees of which he / she is a member;
- iv. actively and constructively participate in the Board and Committees of the Board in which he / she is a member or the Chairperson;
- v. strive to attend the general meetings of the Company;
- vi. ensure that any concerns that he / she may have about the running of the Company is addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- vii. keep himself / herself well informed about the Company and the external environment in which it operates;
- viii. not unfairly obstruct the functioning of an otherwise proper Board or committee;
- ix. ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- x. ensure that the whistleblower function of the Company is functioning adequately;
- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- xii. within his / her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- xiii. Not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.



6. Functions of the Board of Directors:

1.1. Key functions of the Board of Directors-

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, acquisitions and divestments.
- Monitoring the effectiveness entity's governance practices and making changes as needed.
- Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the entity and its shareholders
- Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of the entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.
- Overseeing the process of disclosure and communications.
- Monitoring and reviewing board of director's evaluation framework.

1.2. Other responsibilities:

- The board of directors shall provide strategic guidance to the entity, ensure effective monitoring of the management and shall be accountable to the entity and the shareholders.
- The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the entity and the shareholders.
- The board of directors shall encourage continuing directors' training to ensure that the members of board of directors are kept up to date.
- Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- The board of directors shall exercise objective independent judgement on corporate affairs.
- The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the entity to excessive risk.
- The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the entity's focus.



- When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.

7. Board Committees:

As advised by the Board, during the tenure of office, he / she may be required to serve on one or more of the Committees of the Board. Upon his / her appointment to any one or more Committees, he / she will be provided with the appropriate Committee charter which sets out the functions of that Committee. Currently, the Board has the following functional Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee.

8. Time Commitment:

Considering the nature of the role of a director, it is difficult for the Company to lay down specific parameters on time commitment. He / she agrees to devote such time as is prudent and necessary for the proper performance of his / her role, duties and responsibilities as an Independent Director.

9. Remuneration:

As an Independent Director he / she will be paid sitting fees for attending the meetings of the Board and the Committees of which he / she is 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. Currently, the Company pays a sitting fee per meeting for attending Board, Audit Committee and Nomination and Remuneration Committee Meeting.

10. Code of Conduct:

As an Independent Director of the Company, agrees to comply with the Code of Conduct for Non- Executive Directors/independent director.

He/ She will appreciate that all information acquired during his/her appointment is confidential to the Company and should not be released, communicated, nor disclosed either during the appointment or following termination (by whatever means), to third parties. This restriction shall cease to apply to any confidential information which may (other than by reason of breach) become available to the public generally. He/ She shall acknowledge the need to hold and retain Company information (in whatever format he/she may receive it) under appropriately secure conditions. The obligation of confidentiality shall survive in eternity of the directorship with the Company.

Additionally, he/she shall not participate in any business activity which might impede the application of his/her independent judgment in the best interest of the Company.

He/ She is required to sign a confirmation of acceptance to the Company as per the 'Code of Conduct' for Independent Director as adopted by the Board.

The applicability of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, prohibiting communication or use of unpublished price sensitive information. Being a Director of the Company, he/she is classified as a designated person of the Company and hence is prohibited from dealing in the Company's securities during the period when the trading window is closed.

The trading window shall be closed for the following purposes:

- 1) Declaration of financial results;
- 2) Declaration of dividend(s);
- 3) Change in capital structure;



- 4) Mergers, de-mergers, acquisitions, delisting, disposals and expansions of business and such other transactions;
- 5) Changes in Key Managerial Personnel; and
- 6) Material events in accordance with the Listing Regulations

The time for commencement of closure of trading window shall be decided by the Company. The trading window shall be opened 48 hours after the information referred to above become generally available. Further, for the purpose of compliance with insider trading regulations, he/she is required to pre-clear from the Compliance Officer of the Company, trade(s) in securities of Company where the cumulative trade whether in one or more transaction, exceeds Rs.10 lakhs in a financial year.

11. Training and Development:

The Company may, if required, conduct formal training Programme for its Independent Directors. The training Programme may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund /arrange for training on all matters which are common to the full Board.

12. Performance Appraisal / Evaluation Process:

Annually, the Board shall evaluate the effectiveness of its functioning, that of the Committees and of individual Directors. The Board, through NRC, seeks feedback of Independent Directors on various parameters such as:

- Degree of fulfillment of key responsibilities towards stakeholders (by way of monitoring corporate governance practices, participation in the long-term strategic planning etc.);
- The structure, composition and role clarity of the Board and Committees;
- Extent of co-ordination and cohesiveness between the Board and its Committees;
- Effectiveness of the deliberations and process management;
- Board/Committee culture and dynamics; and
- Quality of relationship between Board Members and the Management. The Chairman of the Board will have one-on-one meetings with the Independent Directors. These meetings are intended to obtain Directors' inputs on effectiveness of the Board/Committee processes.

13. Disclosures, other directorships and business interests:

It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company and have declared conflicts, if any that are apparent at present. In the event he / she becomes aware of any potential conflict of interest with his/her position as Director of the Company, he / she shall promptly disclose the same to the Chairman and the Company Secretary and provide such other disclosures and information as may be required under the applicable laws. By signing a letter, he / she hereby has to confirm that as on date of the letter, he / she have no such conflict of interests with his / her existing directorships. Upon any change in circumstances which may affect his / her status as an Independent Director, he / she agrees to promptly provide a declaration under Section 149(7) of the Act.

14. Memberships of other boards:



It is expected that he / she will not serve on the boards of competing companies. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

15. Independent Directors' discussion:

Annually and when required, the Independent Directors meet without the presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluate the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluate the performance of the Chairman of the Board and discuss aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

16. Retirement policy:

The age for retirement of Independent Directors shall be determined by the 'Nomination and Remuneration Committee' and the NRC may, at its discretion, determine their continuation as members of the Board upon superannuation/retirement.

17. Changes in personal details:

During his / her Term, he / she shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

18. Disengagement:

The Independent Director may resign as Director of the Company by giving 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 him in the notice, whichever is later.

19. Extension of Term:

Upon the expiry of his / her First Term and subject to his / her eligibility under the relevant provisions of the Act, Rules, Listing Regulations and other applicable laws, as prevailing from time to time and subject to annual performance evaluation and recommendations of the Nomination and Remuneration Committee, the Board may, at its discretion, recommend to the shareholders renewal of his / her term.

20. Miscellaneous:

The terms of appointment contained in the letter along with the detailed profile shall be disclosed on the website of the Company and the relevant stock exchanges.