

## Terms and Conditions of appointment of Independent Directors

Date: [\*]

To,  
[\*]

### **Sub: Letter of Appointment as an Independent Director**

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Dear Sir/Madam,

On behalf of the Board of Directors of **KLG Capital Services Limited** (hereinafter referred to as the 'Company' or 'KLG'), we would like to express our gratitude to your good self for agreeing to be a part of KLG's Board as an Independent Director. Pursuant to your consent, we are pleased to confirm that as per recommendations of the Board, the Shareholders of the Company have, at the 20<sup>th</sup> Annual General Meeting held on September 30, 2014, approved your appointment as an Independent Director of the Company for a term of five years commencing from \_\_\_\_\_ up to \_\_\_\_\_. This letter sets out your terms and conditions as Independent Director of the Board:

#### **1. Terms of Appointment:**

- 1.1 You are appointed as a Non-Executive Independent Director on the Board of the Company. Your appointment is subject to:
  - (a) The provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') and the Listing Agreement with the Stock Exchange as may be amended from time to time; the Articles of Association of the Company and other laws as may be applicable from time to time; and
  - (b) The maximum permissible Directorships that one can hold as per the provision of the Act and the Listing Agreement.
- 1.2 In line with the provisions relating to appointment and tenure of Independent Directors contained in the Act and the Listing Agreement, an Independent Director will serve for not more than two terms of up to five years each on the Board of the Company and shall not be liable to retire by rotation during that tenure. The Company however shall be at liberty to disengage Non-Executive Independent Director before the expiry of tenure subject to compliance of relevant provisions of the Act, Listing Agreement, Articles of Association of the Company and other laws as may be applicable from time to time.
- 1.3 The term Independent Director shall be construed as defined under the Act and the Listing Agreement, as may be amended from time to time.

#### **2. Committees and other commitments expected from the Directors:**

- 2.1 As a Non-Executive Independent Director, you are expected to bring objectivity and independent view to the Board for discussions and to help the Board with effective Leadership in relation to the Company's strategy, performance and risk management as well as ensuing high standards of financial probity and Corporate Governance.

- 2.2 Committees: The Board of Directors may, if it deems fit, invite you for being appointed in one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.
- 2.3 Time Commitment: You shall be expected to devote such time as is necessary for proper performance of your duties. As an Independent Director, you will be involved in number of Board and Committee Meetings each year. The Board and Audit Committee meet at least four times in a year. Besides there shall be other committee meetings like Meeting of Nomination and Remuneration Committee, Stakeholders Relationship Committee, etc., which are ordinarily convened as and when necessary. We would request you to strive to attend all the scheduled Board, Committee and General Meetings as necessary.
- 2.4 By accepting this appointment, you may please confirm that you shall be able to allocate sufficient time to meet the expectations from the role, to the satisfaction of the Board.

### **3. Roles and Duties:**

- 3.1 Your role and duties will be those normally required of a Non-Executive Independent Director under the Act and Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:
- (a) You shall act in accordance with the Company's Articles of Association.
  - (b) You shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company.
  - (c) You shall discharge your duties with due and reasonable care, skill and diligence.
  - (d) 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.
  - (e) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
  - (f) You shall not assign your office as Director and any assignments so made shall be void.
  - (g) You shall 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;

In addition to above requirements, the Board of Directors also expects you to perform the following functions:

- (a) You shall 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;
- (b) You shall bring an objective view in the evaluation of the performance of board and management;
- (c) You shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (d) You shall satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) You shall safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) You shall balance the conflicting interest of the stakeholders;

- (g) You shall 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;
- (h) You shall moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

#### **4. Indemnity and Insurance:**

- 4.1 The Company will be obtaining a Directors and Key Management Personnel's Insurance Policy. Details of the same will be provided to you as and when such policy is finalised.

#### **5. Code of business ethics:**

- 5.1 As an independent director you shall be expected to
  - (a) uphold ethical standards of integrity and probity;
  - (b) act objectively and constructively while exercising your duties;
  - (c) exercise responsibilities in a bona fide manner in the interest of the company;
  - (d) not allow any extraneous considerations that might vitiate your 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;
  - (e) not abuse your 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;
  - (f) assist the company in implementing the best corporate governance practices.
- 5.2 Confidentiality: All information acquired during your appointment is confidential to the Company and should not be released either during continuance of your appointment and for a further period of two years after cessation of your appointment unless required by the law or necessary for performance of your duties.
- 5.3 Code of Conduct: You are required to abide by code for Independent Directors as contained in Schedule IV of Companies Act, 2013, Code of Conduct for Board Members and Senior Management Personnel as adopted by the Company.
- 5.4 Conflict of Interest: You may have business interests other than those of the Company. As a condition of your appointment, you are required to declare such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment and any change therein from time to time.

In the event your circumstances are likely to change and give rise to 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 the Board or any person authorized by the Board in this connection.

- 5.5 Disclosure of interest: Any material interest that a Director may have in any transaction or arrangement that the Company has entered into should be disclosed not later than when the transaction or arrangement comes up at a Board Meeting so that the Minutes may record your interest appropriately and records updated. A general notice that you are

interested in any contract, transaction or arrangement with a particular person, firm or Company shall be acceptable.

- 5.6 Declaration of Independence: During your tenure as an Independent Director you are required to give a declaration that you meet with the criteria of independence as provided under the Act and the Listing Agreement.
6. As an Independent Director, you shall not engage in any activity that is not expected of you, as an Independent Director.

**7. Status of Appointment:**

- 7.1 You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees, as may be decided by the Board.
- 7.2 The sitting fees presently paid to the Non-Executive Independent Director is Rs. 5,000/- per meeting for attending the Meeting of the Board of Directors and the Board Committees.
- 7.3 The Company will, for the period of your appointment, reimburse to you for travel, hotel and other incidental expenses incurred by you in performance of your role and duties.

**8. Induction:**

- 8.1 You will be required to attend the familiarisation sessions including briefings from Management about the Company, about your roles, responsibilities, etc.

Where possible, Directors will also be encouraged to attend special training courses by various professional bodies to ensure that the directors are refreshed and equipped to perform their role in the highest standards and performance possible.

**9. Others:**

- 9.1 The Company will carry out performance evaluation of the Board as a whole which shall also be applicable to you.
- 9.2 This letter of appointment shall be governed by laws of India and subject to the jurisdiction of Indian Courts.
- 9.3 Kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours truly,

**For KLG Capital Services Limited**

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