



## ATISHAY LIMITED

### **Terms and Conditions for the Appointment of Independent Directors**

#### **1. Introduction**

This Code is a professional conduct guideline for Directors of **Atishay Limited**. 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, minority shareholders, regulators and Companies in the institution of Independent Directors.

The terms and conditions of appointment of the Independent Directors are subject to the extant provisions of the (i) applicable laws including the Companies Act, 2013 ('the Act') read with Schedule IV to the Act, (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') as amended from time to time and (iii) Articles of Association of the Company:

The Code is applicable to "the Company" and "IDs" of the Company.

An Independent Director (IDs) in relation to a Company, means a Non -Executive Director other than a Managing Director or a Whole-time Director or a Nominee Director;

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company;
- (iii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- (v) none of whose relatives –



- (A) is holding securities of or interest in the Company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;
- (B) is indebted to the Company, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
- (C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or
- (D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(vi) who, neither himself /herself, nor whose relative(s) —

- (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the Company, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

- (B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
  - (1) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
  - (2) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (C) holds together with his relatives two per cent or more of the total voting power of the Company ; or
- (D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
- (E) is a material supplier, service provider or customer or a lessor or lessee of the Company;

(vii) who is not less than 21 years of age;

(viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:



Every Independent Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director, give a declaration that he meets the criteria of independence and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

**Compliance Officer:** The Compliance Officer of the Company for the purpose of this code shall be the Company Secretary or such other officer of the Company as may be designated by the Board of Directors from time to time.

**2. Tenure and Terms of Appointment:**

The tenure of the Independent Directors shall be up to five consecutive years which may be extended for another term of up to 5 (five) consecutive years upon the recommendation of the Nomination and Remuneration Committee and the Board after carrying out a performance evaluation as per the policy approved by the Board. The appointment is however, subject to their continuing to meet the criteria for “Independence” mentioned in Section 149 of the Act and the Listing Regulations. Pursuant to the provisions of the Act, Independent Directors shall not be liable to retire by rotation.

**3. Details Independent Directors & Committees position held by them:**

In terms of the provisions of the applicable laws, the Independent Directors may hold various committee positions from time to time, as may be determined by the Board. Details of such committee positions held in the Company are provided on the website of the Company.

**4. Committees of the Board of Directors:**

The Company being a listed company, has to constitute Committees of the Board of Directors, as prescribed under the Act as also the Listing Regulations. As such, the Independent Directors may be requested to serve on any Committee(s) within the statutory limit laid down in the Act and the Listing Regulations. They may also be requested to serve on any non-statutory Committee of the Board formed for a specific purpose, as may be deemed appropriate from time to time.

**5. 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.

## **6. 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.

## **7. Duties and liabilities:**

As the Director of the Company, they shall be responsible for and perform the professional duties in accordance with Section 166 of the Companies Act, 2013 (the Act) and the Rules made there under and Schedule IV of the Act, as amended from time to time and other applicable regulations. In addition, they will also be responsible for: a) Abiding by the provisions laid down in Section 149 (8) read with Schedule IV- Code for Independent Directors of the Act. b) Complying with all statutes, rules and regulations as may be applicable to them / the Company, including any conditions which may be imposed on directors/the Company by the Central Government. c) Observing the Policy on Code of Conduct for Board Members and Senior Management adopted by the Company. d) Observing all other Policies and/or Regulations framed and / or adopted by Company to the extent applicable to the Directors from time to time and any non-observance thereof shall be treated as breach of duty and they shall be liable for the same.



## **8. Vacation of Office**

The Independent Directors shall vacate office upon occurrence of any of the events mentioned in Section 167 of the Act inter alia including, absenting themselves from all the meetings of the Board of Directors held during a period of 12 (twelve) months, with or without seeking leave of absence.

## **9. 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 there under 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 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, 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.

## **10. 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 Companies Act, 2013.
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 180 (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.



**11. Confidentiality:**

They will not at any time (a) retain or use for their benefit, purposes or account any information (b) disclose divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information - including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals - concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates. Upon end of the term or termination of their directorship with the Company for any reason, they shall (a) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in their possession or control (including any of the foregoing stored or located in their office, home, laptop or other computer, whether or not Company property). Their obligation of confidentiality shall survive cessation of their respective directorships with the Company.

**12. Dealing with Price Sensitive Information:**

They shall maintain the confidentiality of all Price Sensitive Information available with them. They shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities. They shall ensure compliance with the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 1992 and shall also ensure compliance with Section 195 of the Act.

**13. Directors and Officers Insurance:**

The Company shall undertake a suitable Directors and Officers insurance policy ('D and O insurance') for all the independent directors, of such quantum and for such risks as may be determined by the Board, from time to time.

**14. Remuneration:**

Upon recommendation of the Nomination and Remuneration Committee and approval of the Board subject to approval of the shareholders in the General Meeting, wherever applicable and in accordance with the applicable provisions of the Act, the Independent Directors may be paid the following remuneration: a) Sitting fees for attending the meetings of the Board of Directors or any Committee thereof, as determined and reviewed by the Board from time to time. b) Remuneration for any service rendered by them to the Company which is of a professional nature which in the opinion of the Nomination and Remuneration Committee is within the realm of their professional qualifications. c) Commission as may be recommended by the Nomination and remuneration Committee subject to approval of the Board of Directors and Members in accordance with the provisions of the Companies Act, 2013 and Rules framed thereunder. d) Reimbursement of any expenses incurred for attending the meetings of the Board or any Committee or shareholders. e) The above payments shall be subject to applicable taxes, if any.



**15. 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.

**16. 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.

**17. Disclosures, other directorships and business interests:**

During the Term, they agree to promptly notify the Company of any change in their directorships and Committee positions held by them in various other listed / public unlisted companies, as prescribed under Regulation 26 of the Listing Regulations and provide such other disclosure and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary. During their Term, they agree to promptly provide a declaration under section 149(7) of the Act upon any change in circumstances which may affect their status as an Independent Director, in addition to the same being required to be submitted annually.

**18. General**

All the terms and conditions as mentioned above shall be governed by the Companies Act, 2013 and Rules made thereunder as well as the Corporate Governance Requirements as prescribed under the Listing Regulations from time to time.