

Kimia Biosciences Limited

CODE OF CONDUCT

FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

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1. INTRODUCTION

This Code of Conduct (hereinafter referred to as —Code||) is applicable to the Members of the Board (hereinafter referred to as —Directors||) and the Senior Management of Kimia Biosciences Limited (the -Company||). It reflects the Company's underlying ethical values and commitment to lay standards of integrity, transparency, fairness, accountability and pursuit for excellence.

The purpose of this Code is to demonstrate the ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Management by the stakeholders and business partners. Directors and Senior Management are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

The principles prescribed in this Code are general in nature and lay down broad standards of compliance to Listing Regulations.

The Company currently has in place the Discipline & Appeal Rules (CDA Rules)/Standing Orders as amended from time to time which govern the conduct of all employees of the Company including Whole-time Directors. The Rules/Orders provide for good conduct and discipline as well as provide for penalties in the case of violations and the appeal mechanism.

It is clarified that this Code is applicable to all Directors and Senior Management, including the Part-time Directors. In case of Whole-time Directors and the Senior Management Personnel, this Code is applicable over and above the CDA Rules of the Company.

The Code comes into force with effect from the date of Listing of Shares of the Company on the Stock Exchange.

All Directors and Senior Management shall sign the acknowledgment form at **Appendix-I** and return the form to the Company Secretary indicating that they have received, read and understood the provisions of the Code and agree to comply with the same. All Directors and Senior Management shall be required to affirm compliance with this Code on an annual basis, within 30 days of close of every financial year to the Company Secretary, in the form annexed at **Appendix-II**.

2. DEFINITIONS & INTERPRETATION

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

-Directors shall mean all the members of the Board of Directors of the Company, including the Part-time Directors.

-Company shall mean Kimia Biosciences Limited.

"Executive Director" shall mean a whole time director.

-Whole-time Directors shall mean the Board Members who are in whole-time employment of the Company.

-Part-Time Directors shall mean the Board Members who are part-time directors and not in the whole time employment of the Company.

"Independent Director" shall be a director other than a managing director or a whole-time director or a nominee director:

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company; apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or

their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

who, neither himself nor any of his relatives —

holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

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

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) 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;

holds together with his relatives two per cent or more of the total voting power of the company; or

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 from the company, 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;

is a material supplier, service provider or customer or a lessor or lessee of the company; who is not less than 21 years of age

—**Senior Management** shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads and includes key managerial personnel (KMP).

“key managerial personnel”, in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed;

—Relative shall mean ‘relative’ as defined in Section 2(77) of the Act read with Rule 4 of Companies (Specification of definitions details) Rules, 2014.

—**Relatives** have been defined u/s 2(77) to mean: Anyone who is related to another, if – •
they are members of a Hindu Undivided Family;
• they are Husband and Wife; or
• one person is related to the other in any of the following manner:-

- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son’s wife
- Daughter
- Daughter’s husband
- Brother (including step-brother)
- Sister (including step-sister)

In this Code, words importing masculine shall include feminine and words importing singular shall include plural or vice versa.

3. APPLICABILITY

This Code shall be applicable to the following persons:

- (i) All Directors; and

(ii) Senior Management

4. KEY REQUIREMENTS

The Directors and Senior Management shall act within the authority conferred upon them in the best interests of the Company and will:

- act in the best interest of and fulfill their fiduciary obligations to the Company and its shareholders;
- act honestly, fairly, ethically and with integrity;
- conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position;
- act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- use their prudent judgment to avoid all situations, decisions or relationships which give or could give rise to conflict of interest or appear to conflict with their responsibilities within the Company;
- not exploit for his/her own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the Company declines to pursue such opportunity for its business interest(s);
- avoid conducting business on behalf of the Company except with the prior approval of the Board; with (a) a relative (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more shares or voting right and (d) with a firm in which the relative is a partner;
- disclose and avoid having any personal and/or financial interest in any business dealings concerning the Company;
- avoid any dealings with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influence decision to be made by the Company;

- not hold any positions or jobs or engage in outside businesses or other interests that are prejudicial to the interests of the Company; and
- inform the Board, at the earliest opportunity, any existing or potential conflict of interest situation.

It is clarified that it would not be a conflict of interest for the Director & Senior Management of the Company or members of their immediate family to have dealings in normal course with and to obtain services from persons or entities who also deal/provide services to the Company, including legal, accounting or brokerage services, loans & services from banks or insurance from insurance companies etc. at rates customary for similarly situated customers.

5. DUTIES OF DIRECTORS:

Following are the duties of the directors:

- **Act in accordance with the company's Articles**, subject to the provisions of the Act.
- **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, its employees, the shareholders, the community and for the protection of environment.
- Exercise **his duties with due and reasonable care, skill and diligence** and shall exercise independent judgment.
- Shall **not involve in a situation** in which he may have **a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company**.
- Shall **not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates**. However, where such Director is found guilty of making undue gain, he shall be liable to pay an amount equal to that gain to the company.
- Shall **not assign his office** and any assignment so made shall be void.

Key functions of the Board

The board should fulfil certain key functions, including:

- 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 of the company's governance practices and making changes as needed.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of the company'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 Evaluation framework.

Other responsibilities of Board

- The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- The Board should set a corporate culture and the values by which executives throughout a group will behave.

- Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
- Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
- The Board should apply high ethical standards. It should take into account the interests of stakeholders.
- The Board should be able to exercise objective independent judgement on corporate affairs.
- Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.
- The Board should 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 company's focus.
- When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
- Board members should be able to commit themselves effectively to their responsibilities.
- In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.
- The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.
- The Board of the company shall satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

- The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.
- All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.
- The Board and senior executive personnel should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

6. INDEPENDENT DIRECTORS

Code of conduct

Independent director will be abide with the code of conduct for Independent Director/s as provided in **Appendix-III**.

Maximum tenure of Independent Directors

- Independent Director shall hold office for a **term up to 5 consecutive years on the Board** of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company. A disclosure of such an appointment is to be made in the Board's Report.
- **No Independent Director shall hold office for more than two consecutive terms in one Company**, but such Independent Director will be eligible for re-appointment after the expiration **of 3 years (cooling period) of ceasing to be an Independent Director. During the period of cooling period, such independent director shall not be appointed in or associated with the company in any other capacity.**

- The provisions in respect of retirement of Directors by rotation shall not be applicable on Independent Directors i.e. Independent Directors shall not be liable to retire by rotation.
- Separate schedule regarding Code of Conduct for Independent Directors has been provided.
- **Nominee Directors will not be considered as Independent Directors.**

STOCK OPTION

Independent Directors are not entitled to stock options.

Familiarisation programme for Independent Directors

Independent directors shall be familiarised with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

The details of such familiarisation programmes shall be disclosed on the company's website and a web link thereto shall also be given in the Annual Report."

7. OTHER DIRECTORSHIPS

Unless specifically permitted by the Board, the Board Members shall not serve as Director of any other Company or as Partner of a Firm that is engaged in a competing business with the Company. This clause is not applicable to Ex-officio Government Nominee Directors.

Senior Management Personnel shall obtain prior approval of the Chairman and Managing Director/Competent Authority for accepting Directorship of any other company or partnership of a firm.

Limit on Number of Directorships

- A person cannot be a Director in more than 20 companies out of which not more than 10 can be public companies. The Directorships held by a person will also include the directorships held by him in the capacity of an Alternate Director in any of the companies. For the purpose of counting directorships in public

companies, the directorships in private companies that are either Holding or Subsidiary company of a public company shall also be included.

- Maximum number of Boards an independent director can serve on listed companies be restricted to 7 and 3 in case the person is serving as a whole time director in a listed Company.
- A director (includes Independent Director) shall not be a member in more than ten committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

Explanation:

- i. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded
- ii. For the purpose of reckoning the limit under this sub-clause, Chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.

8. RESIGNATION BY DIRECTOR:

A Director may resign from his office by giving a notice in writing to the company.

Directors are required to forward their resignation along with detailed reasons for resignation to the ROC. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.

9. VACATION OF OFFICE OF DIRECTOR

The office of a director shall become vacant in case—

- (a) he incurs any of the disqualifications specified in section 164;
- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:
 - Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;
- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

10. DISCLOSURE BY THE DIRECTOR OF CONCERN OR INTEREST

- Disclosure regarding his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals (including the shareholding) is to be made by each director:
 - At the **first meeting of the Board in which he participates as a Director**
 - Thereafter at the **first meeting of the Board in every financial year; and whenever** there is any change in the disclosures already made, then at the first Board meeting held after such change,
- Every Director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into—

- With a **body corporate in which such Director, or such Directors in association with any other Director, holds more than two percent shareholding of that body corporate, or is a Promoter, Manager, Chief Executive Officer of that body corporate;** or
- **With a firm or other entity in which, such Director is a partner, owner or member, as the case may be,** shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.
- Members of the Board and senior management personnel should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

It shall be the duty of the Director giving notice of interest to cause it to be disclosed at the meeting held immediately after the date of the notice.

- Every Director shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals, by giving a notice in writing in Form No. MBP 1.

11. GIFTS AND DONATIONS

The Directors and the Senior Management shall neither receive nor offer or make, directly or indirectly, any gifts, donations or comparable benefits which are intended to or perceived to obtain undue favours in the transactions detrimental to the interest of the Company, except for nominal value, which are customarily given and are of commemorative nature for special events and should never be of a kind that could create an appearance of impropriety.

12. PUBLIC REPRESENTATION

The Company honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company or the

Group shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representatives to disclose Company related information.

13. Restrictions on the Directors/Senior Management

13.1 Prohibition on Insider Trading of Securities

The Directors and Senior **Management** shall comply with the Code of Internal Procedures and Conduct in dealing with the securities of the Company as applicable from time to time and No Director or Senior management of a Company shall enter into Insider Trading. However the same shall not apply to any communication required in the ordinary course of business or profession or employment or under any law.

Restriction on non-cash transactions involving Directors

Company shall not enter into any arrangement by which a Director of the company or any person connected with him can acquire assets for the consideration other than cash, from the Company & vice versa, without the approval of Company in general meeting.

Prohibition on forward dealings in securities of the Company by Directors or Senior Management

The Director of a Company shall not buy in the Company, or in its holding, subsidiary or associate Company:

- a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures
- a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures

14. CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, etc. to which the Directors and Senior Management have access or which is possessed by the Directors and Senior Management, must be considered privileged and confidential and should be held in confidence at all times and should not be disclosed to any person, unless :

(i) specifically authorized; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

15. REGULATORY COMPLIANCE

Every Director and Senior Management shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

16. HEALTH, SAFETY AND ENVIRONMENT

The Directors and Senior Management shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

17. PROTECTION OF ASSETS

The Directors and Senior Management of the Company shall employ the assets of the Company and for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

18. AMENDMENTS TO THE CODE

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time in line with any changes in law, changes in

Company's philosophy, vision, business plans or otherwise and all such amendments/ modifications shall take effect from the date stated therein. All Directors and Senior Management shall be duly informed of such amendments and modifications.

19. PLACEMENT OF THE CODE ON WEBSITE

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.

20. ENFORCEMENT OF CODE OF CONDUCT

All Directors and/or Senior Management shall be accountable for fully complying with this Code.

21. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code by the Directors, the same shall be dealt with by the Board of Directors for initiating appropriate action, as deemed necessary.

In case of breach of this Code by the Senior Management, the same shall be dealt with by Chairman & Managing Director in accordance with the CDA Rules of the Company.

APPENDIX-I

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
ACKNOWLEDGEMENT FORM**

**I , have received and read the Company's
"CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT
PERSONNEL ("this Code"). I have understood the provisions and policies
contained in this Code and I agree to comply with this Code.**

Signature :

Name :

Designation :

Date :

Place :

APPENDIX-II

**CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
ANNUAL COMPLIANCE REPORT***

**Ido hereby solemnly affirm to
the best of my knowledge and belief that I have fully complied with the
provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR
MANAGEMENT PERSONNEL during the financial year ending 31st March**

Signature :

Name :

Designation :.....

Date :

Place :

*** To be submitted by 30th April each year.**

APPENDIX-III

CODE OF CONDUCT FOR INDEPENDENT DIRECTOR/S

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) 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.

Stock Exchange

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 OF THE INDEPENDENT DIRECTORS

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. All the independent directors of the company shall strive to be present at such meeting.

The independent directors in the meeting shall, inter-alia:

- i. review the performance of non-independent directors and the Board as a whole;
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. 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. Liability of Independent director:

An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

IX. 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.