



Pursuant to Section 149(8) of the Companies Act, 2013 ("Companies Act"), read with the provisions of Schedule IV thereof

INDEPENDENT DIRECTORS - AN OVERVIEW

The need for the appointment of independent directors arose due to the need of a strong framework of corporate governance in the functioning of companies. There is a "growing importance" of their role and responsibility. The Companies Act differentiates the role of independent directors from that of executive directors. An independent director is vested with a variety of roles, duties and liabilities with a view of ensuring good corporate governance. An independent director performs various duties including helping a company to protect the interest of minority shareholders and ensure that the board does not favour any particular set of shareholders or stakeholders.

The role played by independent directors in a company broadly includes improving corporate credibility, governance standards, and the risk management of the company. The whole and sole purpose behind introducing the concept of independent directors is to ensure that a company's board of directors take unbiased decisions and to check various decisions taken by the management and majority stakeholders. An independent director brings accountability and credibility to the processes adopted by a company's board of directors. These independent directors are the trustees of good corporate governance.

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

Independent directors are appointed for a term of five years on the board of directors of the Company ("**Board**").

As independent directors, they will not be liable to retire by rotation. Reappointment at the end of the term shall be based on recommendations received from the nomination and remuneration committee of the Company, and subject to the approval of the Board and the Company's shareholders. The reappointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.

The directors may be requested to be a member / Chairman of any one or more committees of the Board which may be constituted from time to time.

ROLES AND DUTIES

As a member of the Board, the role, duties and responsibilities will be those normally required of a Non-Executive Independent Director in terms of section 166 of the Companies Act, 2013.

- I. act in accordance with the Company's articles of association.
- II. 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.
- III. exercise their duties with due and reasonable care, skill and diligence
- IV. not involve themselves 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
- V. not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates and if such director found guilty of making any undue gain, he / she shall be liable to pay an amount equal to that gain to the company.
- VI. not assign their office as Director, and any assignments so made shall be void.
- VII If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees, but which may extend to five lakh rupees.

Independent directors of the Company shall abide by the 'Code for Independent Directors' as outlined in Schedule IV of the Companies Act, and duties of directors as provided under Section 166 of the Act.

Independent directors will also be responsible for providing guidance in the area of their expertise.

Independent directors are expected to stay updated on how best to discharge their roles, responsibilities, and duties and liabilities as an independent director under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.

Independent directors are expected to:

- (i) Take decisions objectively and solely in the interests of the Company;

- (ii) Facilitate Company's adherence to high standards of ethics and corporate behaviour;
- (iii) Guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
- (iv) Guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions;
- (v) Guide the Board in 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.

REMUNERATION

As independent directors of the Company, they shall be paid sitting fees for attending the meetings of the Board and the committees of the Company of which they are members. The sitting fees for attending each meeting of the Board and its committees would be as determined by the Board from time to time. Any other fee shall be payable to independent directors, subject to the provisions of the Companies Act and as per the Company's policy as amended from time to time.

Independent directors will be entitled to reimbursement of expenses incurred by them in connection with attending the Board meetings, Board committee meetings, annual general meetings of the Company, and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

Independent directors will not be entitled to any stock options.

CODE OF CONDUCT & OTHER COMPLIANCES

As independent directors of the Company, they agree to comply with the Shankara Code of Conduct for Non-Executive Directors (NEDs).

Unless specifically authorised by the Company, they shall not disclose company and business information to constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

Their obligation of confidentiality shall survive cessation of their respective directorships with the Company.

The provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, and the Shankara Code of Conduct on Prevention of Insider Trading, prohibiting disclosure or use of unpublished price sensitive information, would be applicable to the independent directors.

Additionally, they shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect the status as an independent director, the independent director shall give a declaration to that effect confirming that he / she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013

PERFORMANCE EVALUATION/ PERFORMANCE APPRAISAL

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors.

The criteria for evaluation shall be determined by the nomination and remuneration committee of the Board.

An indicative list of factors that may be evaluated as a part of this exercise is:

- Participation and contribution by the independent director,
- Commitment (including guidance provided to senior management outside of Board /committee meetings),
- Effective deployment of knowledge and expertise,
- Effective management of relationship with stakeholders,
- Integrity and maintenance of confidentiality
- Independence of behaviour and judgment, and
- Impact and influence.

DISCLOSURE OF INTEREST

During the Term, the independent director agrees to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. 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 Companies Act, upon any change in circumstances which may affect their status as an independent director.

TERMINATION

An independent director's directorship shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Companies Act. An independent director's directorship may be terminated for violation of any provision of the Shankara Code of Conduct as applicable to non-executive directors.

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. If at any stage during the term, there is a change that may affect the status of an independent director as envisaged in Section 149(6) of the Companies Act, the independent director agrees to promptly submit his / her resignation to the Company with effect from the date of such change.