



TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS



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INTRODUCTION

Schedule IV to the Companies Act, 2013 and SEBI Regulations provides for the ‘Code for Independent Directors’. The appointment process of Independent Directors is independent of the company management. During the selection process, the Board ensures 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. The appointment of Independent Director(s) of the Company is approved at the meeting of the shareholders. The Board always ensures that the Independent Director(s) proposed to be appointed fulfil the conditions specified in the Companies Act and the Rules made thereunder.

The terms and conditions for the appointment of the Independent Directors are enumerated below:

APPOINTMENT

- The appointment is for a term of 5 (five) years
- The Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.
- In compliance with provision of section 149(13) of the Companies Act, 2013 during the tenure of the directorship of Independent Directors, their term is not subject to retirement by rotation.
- The Appointment of Independent Directors may be terminated in accordance with the provisions of the Articles of Association of KLJ Resources Limited ('the Company') or on failure to meet the parameters of independence defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
- Upon termination or upon the resignation for any reason, duly intimated to the Company, the Independent Directors will not be entitled to any damages for loss of office or any compensation in respect of any unexpired portion of the Terms of the Appointment.
- The Independent Directors are expected to devote such time to the affairs of the Company as is required by the duties as an Independent Director in accordance with the Company's Articles of Association and the Code for Independent Directors as defined in the Schedule IV of the Companies Act, 2013 and any other document relating to the duties of the independent Director as approved by the Board from time to time.

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(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.

RE-APPOINTMENT:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

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 fulfills 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.

COMMITTEES

During the term of the appointment, the Independent Director may be asked to serve on one or more of the Board Committees including Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or any such committee of the Board of the Directors from time to time and copies of the terms of Reference for each of those committees will be provided to him.

TIME COMMITMENT

Independent Directors are expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance. By accepting the appointment, an Independent Director shall confirm that he is able to allocate sufficient time to perform his role as an Independent Director of the Company. In terms of the Companies Act, 2013, the Board and the Audit Committee meets at least four times in a year, besides there are other Committee meetings to which he may be appointed as a member and is expected to discharge his duties effectively.

ROLE AND RESPONSIBILITIES

- As an Independent Director, he will be bound by the Code for Independent Directors as mentioned under Schedule IV to the Companies Act, 2013.
- As an Independent Director, he has the same responsibilities to the Company as any other Director including all fiduciary duties, responsibilities, statutory obligations and liabilities of directors prescribed in law including the Companies Act, 2013.
- The Board as such is collectively responsible for promoting, directing and supervising the Company's affairs. The brief description of the terms of reference of the Board of Directors are as follows:
- To manage and direct the business and affairs of the Company;
- To manage, subject to the Articles of Association of the Company, its own affairs, including planning its composition, selecting its Chairman, appointing Committees, establishing the terms



of reference and duties of Committees and determining Directors' compensation;

- To act honestly and in good faith in the best interests and objects of the Company, its employees, its shareholders, the community and for protection of environment;
- To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall also exercise independent judgment;
- To participate directly or through its Committees, in developing and approving the mission of the business, its objectives and goals and the strategy for their achievement;
- To ensure congruence between shareholders' expectations, Company's goals, objectives and management performance;
- To monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances;
- To approve and monitor compliance with all significant policies and procedures by which the Company is operated;
- To ensure that the Company operates at all times within applicable laws and regulations and ethical and moral standards;
- To ensure that the performance of the Company is adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis;
- To ensure that the audited annual financial statements are reported fairly and in accordance with the Accounting Standards as recommended by the Institute of Chartered Accountants of India and prescribed by the Central Government.
- To ensure that any developments that have a significant and material impact on the Company are reported from time to time to the concerned authorities;
- Not to involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict with the interest of the Company;
- Not to achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company;
- Not to assign his office and any assignment so made shall be void.

In addition to the above responsibilities, the role of the Independent Directors shall also have the following key elements:

- **Strategy and Business Development:** The Independent Director should constructively challenge and contribute to the overall strategy and to the business development initiatives of the



Company by getting actively engaged with the Company in making introductions to potential clients in the key service areas of the Company.

- **Performance:** The Independent Director should scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance; and
- **Risk:** The Independent Director should satisfy himself that financial information is accurate and that financial controls and systems of risk management are robust and defensible.

OTHER OBLIGATIONS AND COMPLIANCES

The Independent Director will be required to execute / confirm with respect to the following documentation on a periodic basis:

- Confirmation that he is not disqualified to act as a Director of the Company in terms of the Companies Act, 2013
- Declaration of Independence in terms of the Companies Act, 2013
- Code of Conduct for Directors of the Company.
- Code of Conduct for Independent Directors as per Schedule IV of the Companies Act, 2013.
- Disclosure of change in interest in companies where he is appointed / ceased as a Director or Key Managerial Personnel.
- Confirmation that his directorships in companies do not conflict with the interest of the Company.

EXPENSES

The Company will reimburse the official travel expenses, hotel expenses, and all other reasonable out of pocket expenses borne by the Independent Director for participating in Board and other Committee meetings and other Business meetings.

CODE OF CONDUCT

During the period of the appointment, the Independent Director(s) will be bound by the Company's Code of Conduct and the terms of this policy.

STATUS OF APPOINTMENT

The Independent Directors will not be an employee of the Company and 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.



CONFLICT OF INTEREST

- It is accepted and acknowledged that the Independent Directors may have business interests other than those of the Company. As a condition to their appointment they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of their appointment.
- In the event that the circumstances seem likely to change and might give rise to a conflict of interest or circumstances that might lead the Board to revise its judgement of their independence, the same should be disclosed to the Board immediately by the Independent Directors.

CONFIDENTIALITY

- The Independent Director must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the appointment or at any time after its termination) any confidential information concerning the Company and any Group Companies (including wholly owned subsidiaries) with which he comes into contact by virtue of his position as an Independent Director of the Company.
- Any information concerning the Company's business, its customers, suppliers, etc. which is not in public domain and to which all employees do not have access, should be considered confidential for the purpose and should be held in confidence, unless authorised to do so and when disclosure is required as a requirement of law.
- The Independent Director shall not provide any information either formally or informally, to the press or any other publicity media without prior written clearance from the Company.
- The examples of confidential information are, but not limited to the following:
 - ❖ Business plan, annual operations plan
 - ❖ Software developed / under development
 - ❖ Technical information about software and computer systems
 - ❖ Performance against target
 - ❖ Costing, pricing, profitability, financial budget and related issues
 - ❖ Fees / stipend, evaluations, recommendations etc. related to any of the employees of the Company
 - ❖ Sales commission, third party commission and about reference agents



- ❖ Details of past, present and future contracts and proposals
 - ❖ Information about suppliers and/or customers
 - ❖ Communication facilities and equipment
 - ❖ Proposed ventures and corporate plans
 - ❖ Technical marketing and financial strategies of the Company and/or its customers
 - ❖ Core competencies and activities of the Company and/or its customers
 - ❖ Any other information, which is likely to be crucial for the business operations
- On termination of the Appointment, the Independent Director(s) will deliver to the Company all books, documents, papers, and other property of or relating to business of the company or any Group Company which are in their possession, custody or power by virtue of their position as an Independent Director of the Company. The Company will arrange the disposal of papers that he no longer requires.
 - If there is a breach or threatened breach of the provisions of Confidentiality, the Company shall be entitled to injunctive relief.

LIABILITY

An Independent Director will be liable only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board process and with his consent or connivance or where he had not acted diligently.

REVIEW PROCESS OF THE BOARD

- 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 meeting shall:
- Review the performance of non-independent directors and the Board as a whole.
- Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
- 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.

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

Further, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated and 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.

REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Board periodically and appropriate recommendations shall be made to the Board to update the policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

