

## **LETTER OF APPOINTMENT FOR INDEPENDENT DIRECTOR**

**Date:** .....

**Dear Mr/Ms/Mrs.** .....

**DIN:** .....

**Sub:** Appointment as an Independent Director of Pokarna Limited (the "Company").

On behalf of the Company, I am pleased to inform you about your appointment as an Independent Director of the Company vide resolution passed by the Members of the Company dated ....., with effect from ..... to ..... The terms of the appointment, which shall, in any event be subject to the Articles of Association of the Company and as per provisions of Companies Act, 2013, are set out below.

### **Terms of Appointment**

1. Your appointment as a Non - Executive Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015, including amendments from time to time.
2. In compliance with provisions of section 149 of the Companies Act, 2013, your directorship is not subject to retirement by rotation.
3. Notwithstanding other provisions of this Letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
4. Upon termination or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.
5. As a Non- Executive Independent Director, you are expected to bring objectivity and independence on 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. The Board generally meets four times in a year. The Audit Committee also generally meets at least four times in a year. Besides, there is Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee, which is ordinarily convened as per requirements. You will be expected to attend Board and Board Committees to which you are appointed and in Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

6. By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations for your role to the satisfaction of the Board.

**Status of Appointment:**

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 and/or by way commission as may be decided by the Board.
2. You will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

**Evaluation:**

The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. Your appointment and re appointment on the Board shall be subject to the outcome of the yearly evaluation process.

**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 no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and update our records. A general notice that you are interested in any contract with a particular person, firm or company is acceptable.

**Code of Conduct**

During the appointment you are required to comply with regulations as contained in Schedule IV under Companies Act, 2013 along with codes of conduct of the Company as enclosed.

**Membership of Committees**

Following are the details of your present memberships of various committees of the Board:

<b>S. No.</b>	<b>Name of the Committee</b>	<b>Designation</b>
1.	Audit Committee	Chairman/Member
2.	Corporate Social Responsibility Committee	Chairman/Member
3.	Nomination & Remuneration Committee	Chairman/Member
4.	Stakeholder Relationship Committee	Chairman/Member
5.	Loans Committee	Chairman/Member

The Board of Directors may appoint you as a Member/ Chairman of any other Committees apart from those mentioned above, subject to your consent for the same.

Terms of reference or the responsibilities of the Board Committees shall be as specified under Companies Act, 2013 read with SEBI (LODR) Regulation, 2015 (as modified from time to time).

**Confidentiality**

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

**Publication of the letter of appointment:**

In line with provision of Clause IV sub clause 6 of Schedule IV, under Companies Act, 2013, the Company will make public the terms and conditions of your appointment.

Please confirm your agreement to the above by signing and returning the enclosed duplicate of this Letter.

**For M/s. Pokarna Limited**

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I have read and agreed to the above terms regarding my appointment as an Independent Director.

**Mr/Ms/Mrs.** .....  
**DIN:** .....

Dated:  
Place: Secunderabad

*Encl: As above*

**SCHEDULE IV**  
**[Section 149(8)]**  
**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) act within their 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 formalized 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.

#### **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 2["three months"] 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:**

- (1) The independent directors of the company shall hold at least one meeting in a financial 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.

## **VIII. 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.

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