



## IVP LIMITED

### POLICY ON INDEPENDENT DIRECTORS

#### TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The terms and conditions of appointment of the Independent Directors (“ID”) of the Company are subject to the extant provisions of the applicable laws, including the Companies Act, 2013 (“**The Act**”) and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“**Listing Regulations**”) (as amended from time to time).

The broad terms and conditions of appointment of Independent Directors of the Company are reproduced hereunder:

#### 1. Appointment

- The appointment ID will be for a term of 5(five) years and they will not be liable to retire by rotation. The role of ID is a non-executive role in that it does not carry any executive responsibilities, liability or authority.

#### 2. Role, duties and responsibilities

- The duties and responsibilities of an ID are same as other directors. There are, however, additional roles and duties required of an ID under the Applicable laws.
- “Appendix I” to this annexure contains details of duties and responsibilities of ID as laid down under the Applicable laws
- ID are expected to bring objectivity and independence of view to the Board’s discussions and help them provide 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 that benefits the Company and its stakeholders.
- ID shall abide by the following:
  - Accountability under the Director’s Responsibility Statement;
  - Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and IVP’s code for trading by Insiders framed thereunder;
  - Code and such other Policies that may be adopted by the Company applicable to an ID.
  - IVP’s Code of Conduct applicable to all Directors and Senior Management Personnel.
- Without prejudice to above, ID shall be under an obligation to comply with all other laws as are applicable with respect to the appointment of ID as a Director of the Company.

- ID are particularly requested to provide guidance in their area of expertise.

### **3. Time Commitment**

- ID agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.

### **4. Liabilities**

- ID shall be held liable, only in respect of such acts of omission or commission by the Company which had occurred with their knowledge, attributable through Board and Committee processes, and with their consent or connivance or where they had not acted diligently.

### **4. Remuneration**

- Independent Directors shall be paid sitting fees for attending the meetings of the Board and the applicable Committees 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. In case the Board decides, they may be entitled to be paid commission as approved by the shareholders.
- Further, the Company may pay or reimburse to the ID such expenditure, incurred in connection with the attending of Board meetings, Board Committee meetings, and General Meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

### **5. Training and Development**

- The Company provides all new Directors with an induction which will include familiarization program, including briefings from Management and site visits.
- The induction program covers familiarization of the Director with the Company, his role, rights, responsibilities in the Company, nature of the industry, business model of the Company, etc.
- The Company shall also conduct suitable training program at periodic intervals to educate the Directors on their responsibilities under the Act and Listing Regulations. The Company may invite experts to conduct such training module.

### **6. Directors' Liability Insurance**

- The Company has availed a Directors' & Officers' Policy ("D&O Policy") covering the liability of its Directors and Officers on the terms of the policy (which are subject to change).

## **7. Performance Appraisal / Evaluation Process**

- As members of the Board, their performance will be evaluated annually by the entire Board of Directors, excluding the director being evaluated. On the basis of performance evaluation report it shall be decided whether to continue the term of their appointment.

## **8. Disclosures, other directorships and business interests**

### **➤ Initial Disclosures:**

- At the first meeting of the Board in which ID participate as a Director they shall disclose their concern or interest in any Company/ies or bodies corporate, firms, or other association of individuals which shall include their shareholding, in the manner prescribed under the Act.

### **➤ Continual Disclosures:**

- At the first meeting of the Board in every financial year and whenever there is any change in the disclosures already made, then within 30 days of such change, you shall disclose your concern or interest in any Company/ies or bodies corporate, firms, or other association of individuals which shall include your shareholding, in the prescribed manner under the Act.
- During your appointment as an ID, if there is any change in the circumstances that affect your independence, you shall immediately inform the Company of the same.
- You may be required to furnish additional disclosures to the Company as per the requirements of other laws that are/may be applicable to the Company within such period and at such intervals as may be informed to you by the Company.

## **9. Confidential Information**

- “Confidential Information” means all non-public information including but not limited to trade secrets, confidential business information, technical information and knowhow, formulations, drawings, prints, material specifications, customer details, etc.
- ID may have access to and /or knowledge of Confidential Information. They shall use Confidential Information only in the performance of their duties as an ID.
- They shall hold Confidential Information in confidence and trust.
- They shall ensure that Confidential Information is not disclosed or divulged to any person in any manner whether directly or indirectly in full or in part, both during and

after Term as an ID without prior clearance from the Whole Time Director & CEO unless required by law or by any regulatory body.

## **10. Changes of personal details**

- During the Term, they shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

## **11. Disengagement**

- They may cease to hold the office of an independent director by:
  - Giving written notice of resignation to the Company as well as to the Ministry of Company Affairs; or
  - On the happening of an event mentioned in the Act, or the Articles of Association, or the terms of appointment.
  - On removal pursuant to the provisions of the Act.

**Note:** If any independent director resigns from the company with effect from 1<sup>st</sup> April 2019 he shall specify detailed reasons for his resignation and shall also state that there are no other reasons apart from the stated reasons why he is resigning

## **12. Governing Law**

- These terms of appointment are governed by and will be interpreted in accordance with laws of India and engagement of ID shall be subject to the jurisdiction of the Indian Courts.

This policy is updated on 29<sup>th</sup> May, 2019

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## **Appendix I**

### **DUTIES AND RESPONSIBILITIES OF DIRECTORS**

#### **A. DUTIES OF A DIRECTOR [as per Section 166 of the Companies Act, 2013]**

1. Subject to the provisions of the Companies Act, 2013 together with the Rules notified there under (including any re-enactments thereof or modifications thereto) (referred to as “the Act”), a Director of a Company shall act in accordance with the Articles of Association of the Company.
2. A Director of a Company shall 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 interests of the Company, its employees, the shareholders, and the community and for the protection of environment.
3. A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise Independent judgment.
4. A Director of a Company 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.
5. A Director of a Company shall not 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.
6. A Director of a Company shall not assign his office and any assignment so made shall be void.

#### **B. CODE FOR INDEPENDENT DIRECTORS [as per Schedule IV of the Act]**

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. 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.

## **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. 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 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.

#### **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 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 Director 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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