

## DCM LIMITED

**The terms and conditions of appointment of Independent Directors are as follows:**

1. ***Term of appointment*** : In terms of the provisions of Sections 149 & 152 of the Companies Act, 2013, the rules made thereunder and the relevant provisions of the Listing Agreement, read with the Articles of Association of the Company, you have been appointed as an Independent Director on the Board of Directors of DCM Ltd. for a term upto five consecutive years commencing from August 4, 2014.
2. ***Committee Membership*** : The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable laws.
3. ***Role*** : As an Independent Director, you have the same general legal responsibilities to the Company as any other director but in terms of the provisions of Section 149(12) of the Companies Act, 2013, you will be held liable only in respect of such omission or commission which has occurred with your knowledge, attributable through Board processes, or with your consent or connivance or where you have not acted diligently.

The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

In addition to the above requirements for all Directors, you being an Independent Director shall abide by the Code for Independent Directors as laid down under Schedule IV of the Companies Act, 2013, or any amendments thereto. A copy of the Schedule is attached for ready reference as Annexure - A.

4. ***Fiduciary position*** : Directors being Trustees of the stake holders of the Company shall discharge their responsibilities upholding their fiduciary responsibilities or duties and also as specified under section 166 of the Companies Act, 2013, which in short are as under :
  - To act within their powers, in good faith to promote the success of the Company.
  - To exercise independent judgment, reasonable care, skill and diligence.
  - To avoid conflict of interest.
  - Not to accept benefits from third parties, which are attributable consequent to your independent directorship of the Company.
  - To declare interest in proposed transactions or arrangements.

- Not to assign his office

**5. Code of conduct:** During the tenure of your appointment, you are required to comply with Schedule IV of the Companies Act, 2013 and all relevant regulations as may be issued by the Listing Authority with regard to insider trading and other market related matters from time to time. You will also adhere to the code of conduct as may be notified by the Board of Directors of the Company for its directors and other employees, from time to time.

**6. Remuneration:** You will be paid sitting fees for attending Board/ Committee meetings as may be fixed by the Board of Directors subject to the provisions of the Companies Act, 2013, from time to time. Presently, the sitting fee per meeting of the Board Sub-committee is Rs. 5,000/- and per Board meeting is Rs. 10,000/- In addition the Company will reimburse all reasonable and properly documented expenses such as travelling / out of pocket expenses, which you incur in performing your role as an Independent Director of the Company.

**7. Confidentiality :** You must apply the highest standards of confidentiality and not disclose to any person or company any confidential information concerning the Company and any Group Companies with which you come into contact by virtue of your position as a Director.

**8. Independence:** The Board of Directors of the Company, inter-alia, has given due consideration to your declaration of being qualified as 'independent' in accordance with the provisions of Companies Act, 2013 and the Listing Agreement with the Stock Exchange. You are expected to continue to be qualified as 'independent' during your tenure and provide periodic declaration to the effect as required by regulations. You will be identified as 'Independent Director' in the annual report and other documents and publications of the Company. If circumstances change and you believe it may not be possible for you to retain your independence you should discuss this with the Chairman as soon as practicable.

**9. Publication of the letter of appointment :** As required under the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company will disclose, terms and conditions of this letter, on its website [www.dcm.in](http://www.dcm.in) and the same shall be open for inspection at the registered office of the Company by any member during normal office hours.

The letter of appointment constitutes neither a contract for services nor a service contract.

Schedule IV

**Section 149(8) of the Companies Act, 2013**

**Code for Independent Directors**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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 objective 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.

#### **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:**

- (1) 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;
- (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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