

Date: [•]

Dear [•],

Sub: Appointment as Independent Director

We thank you for your confirmation to Tata Consultancy Services Limited (the “**Company**”) that you meet the “independence” criteria as envisaged in Section 149(6) of the Companies Act, 2013 (“**2013 Act**”) [and Clause 49 of the Listing Agreement as amended vide circular issued by Securities and Exchange Board of India ref no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and effective from October 1, 2014] and also for your consenting to hold office as a director of the Company.

Pursuant to your confirmation, we are pleased to confirm that upon the recommendation of the Nominations Committee, the Board and the shareholders have approved your appointment as an Independent Director on the Board of the Company.

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that of an office-holder and not one of contract for employment in the Company.

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the (i) applicable laws, including 2013 Act and Clause 49 of the Listing Agreement (as amended from time to time) and (ii) Articles of Association of the Company (“**AOA**”).

1. Appointment

Your appointment will be for an initial term up to [•] and shall take effect from [•], unless terminated earlier or extended, as per the provisions of this letter or applicable laws (“**Term**”).

As an Independent Director you will not be liable to retire by rotation.

Re-appointment at the end of the Term shall be based on the recommendation of the Nominations Committee and subject to the approval of the Board and the shareholders. Your re-appointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

As per the Board's current assessment, you will be a Chairman / member of the following Committees:

- [•] Committee – Chairman/Member

The mandates of the aforesaid Committees are provided as Annexures. The Board may reconstitute the composition of any/all Committees, from time to time, and any such change shall be promptly communicated to you. In such an event you may also be required to serve on other Committees of the Board.

2. Role, duties and responsibilities

A. As member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

- Requirements under the Companies Act, 2013,
- "Responsibilities of the Board" as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under Clause 49 of the Listing Agreement,
- Accountability under the Director's Responsibility Statement,
- Overseeing the maintenance of high standards of Tata values and ethical conduct of business,
- Overseeing the Company's contribution to enhancing the quality of life of communities,
- Reviewing the TBEM (Tata Business Excellence Model) findings and monitoring the action plan,
- Protecting and enhancing the Tata brand.

B. You shall abide by the 'Code For Independent Directors' as outlined in Schedule IV to section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including Section 166) and in Clause 49 of the Listing Agreement. For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexures.

C. You will also be responsible for providing guidance in the area of your expertise.

3. Time Commitment

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

4. Remuneration

As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member.

The sitting fees payable to you are as follows:

- Board – ₹ 10,000/ meeting
- Committee - ₹ 10,000/ meeting

In addition to the sitting fees, profit related commission may also be payable to you. In determining the amount of this commission, the Remuneration Committee may consider various factors as disclosed in the remuneration policy forming part of the Board's report. An indicative list of the factors that may be considered are as follows:

- Attendance at Board meetings,
- Attendance at Board Committee meetings,
- Chairmanship of the Board,
- Chairmanship of Board Committees,
- Contribution at Board and Committee meetings,
- Guidance and support provided to senior management of the Company outside of Board meetings,
- Industry practices,
- Performance evaluation, and
- Performance of the Company.

Further, the Company may pay or reimburse to you such fair and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for attending Board/ Committee meetings, Annual General Meetings, Extraordinary General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of your duties as an Independent Director.

5. Insurance

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the Term of your appointment, subject to the terms of such policy in force from time to time. A copy of the policy document will be supplied on request.

6. Tata Code of Conduct

As an Independent Director of the Company, you agree to comply with the Tata Code of Conduct for Non-Executive Directors (NEDs). For your reference, the Code of Conduct for Non-Executive Directors is outlined below:

- Non-Executive Directors of a Company will always act in the interest of the Company and ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the Company and his/ her role therein,
- Non-Executive Directors will comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities,
- Non-Executive Directors will safeguard the confidentiality of all information received by them by virtue of their position.

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

Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.

We would also like to draw your attention to the applicability of both, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Tata Code of Conduct on Prevention of Insider Trading Policy, prohibiting disclosure or use of unpublished price sensitive information.

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

All Directors are required to sign a confirmation of acceptance of the Tata Code of Conduct for NEDs on annual basis.

7. Induction and Development

The Company shall, if required, conduct formal induction program for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

8. Performance Appraisal / Evaluation Process

As a member of the Board, your performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be determined by the Nominations Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee. An indicative list of factors that may be evaluated as part of this exercise is:

- Participation and contribution by a 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.

9. Disclosures, other directorships and business interests

During the Term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships.

During your Term, you agree to promptly provide a declaration under Section 149(7) of the 2013 Act, upon any change in circumstances which may affect your status as an Independent Director.

10. Changes of personal details

During the Term, you 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. Termination

Your directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the 2013 Act, your directorship may be terminated for violation of any provision of the Tata Code of Conduct as applicable to Non-Executive Directors.

You 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 you in the notice, whichever is later.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act or, if applicable, you fail to meet the criteria for "independence" under the provisions of Clause 49 of the Listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

12. Cooperation

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your Term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

13. Miscellaneous

- This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- No waiver or modification of this letter shall be valid unless made in writing and signed by you and the Company.
- As per Clause 49 of the Listing Agreement, if applicable, this letter along with your detailed profile shall be disclosed on the website of the Company and the relevant stock exchange.

14. Acceptance of Appointment

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours Sincerely,
For Tata Consultancy Services Limited

Name: Cyrus Mistry
Designation: Chairman

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

Name: [•]

Place: [•]

Date: [•]

Audit Committee

The terms of reference of the Audit Committee are as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;
 - significant adjustments arising out of audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements concerning financial statements;
 - any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

Remuneration Committee

The terms of reference of the Remuneration Committee are as under:

- To approve the annual remuneration plan of the Company;
- To approve the remuneration and commission/incentive payable to the Managing Director for each financial year;
- To approve the remuneration and annual performance bonus payable to the Chief Financial Officer and the Executive Vice Presidents of the Company for each financial year;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

Shareholders Investor Grievance Committee

The Committee looks into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

Ethics and Compliance Committee

The Committee considers matters relating to the Insider Trading Code and the Company's Code of Conduct ("CoC").

Bank Account Committee

The Committee has the authority to approve, from time to time, opening of bank accounts for the Company, list of persons authorized to operate the bank accounts of the Company and closure of bank accounts that are not required and also approve of other bank account(s) related matters.

Nominations Committee

The Committee shall be responsible for making recommendations regarding the composition of the Board and in this regard shall –

- identify independent Directors to be inducted to the Board from time to time;
- take steps to refresh the composition of the Board from time to time.

Executive Committee

The Committee's role shall cover a detailed review of the following items before these are presented to the full Board –

- Business and strategy review.
- Long-term financial projections and cash flows.
- Capital and Revenue Budgets and capital expenditure programmes.
- Acquisitions, divestments and business restructuring proposals.
- Senior management succession planning.
- Any other item as may be decided by the Board.

Software Technology Parks of India (STPI) / Special Economic Zone (SEZ) Committee

The Committee has the authority to approve, from time to time, registration / renewal of registration / de-registration of various offices of the Company under the Software Technology Parks of India (STPI) / Special Economic Zone (SEZ) Schemes and such other Schemes as may be deemed fit by them, and also approve of other STPI/SEZ/other Scheme(s) related matters.

Risk Management Committee:

The Committee is responsible for advising the Company on foreign exchange matters and framing the broad guidelines for investment of surplus funds of the Company.

Health, Safety and Sustainability Committee

The Committee would perform the following functions:

- Frame broad guidelines / policies with regard to the Health, Safety and Sustainability activities of the Company
- Oversee the implementation of the above mentioned guidelines/policies
- Review the policies, processes and systems periodically and recommend measures for improvements from time to time

Activities with regard to the Health Safety and Sustainability initiatives of the Company would broadly include to:

- Ensure Occupational Health and Safety to its employees
- Take steps for Environmental Management
- Reduce Carbon Foot Print and Resource Consumption
- Conserve Electricity, Recycling of water and to take efforts to control paper consumption
- Waste Management initiatives, etc.

Corporate Social Responsibility Committee

The Committee would perform the following functions:

- a) Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- b) recommending the amount of expenditure to be incurred on the activities referred to in clause (a)
- c) monitoring the CSR Policy of the Company from time to time
- d) instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company and
- e) doing such other acts, deeds, things and matters as are necessary or expedient in complying with the provisions of Section 135 Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Relevant extracts of the provisions under Companies Act, 2013:

Section 2 (60) – Definition

“Officer who is in default”, for the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely:—

(i) whole-time director;

(ii) key managerial personnel;

(iii) where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;

(iv) any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;

(v) any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;

(vi) every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;

(vii) in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer;

Section 134 (5) – Financial statement, Board’s report, etc.

The Directors’ Responsibility Statement referred to in clause (c) of sub-section (3) shall state that —

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation.—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Section 149 (6) - Company to have Board of Directors

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(f) who possesses such other qualifications as may be prescribed.

Section 149 (8) - *Company to have Board of Directors*

The company and independent directors shall abide by the provisions specified in Schedule IV.

Section 149 (12) - *Company to have Board of Directors*

Notwithstanding anything contained in this Act,—

(i) an independent director;

(ii) a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

Section 166 - *Duties of directors*

(1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles 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, 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.

(7) 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.

Section 188 (5) - Related party transactions

Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

(i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

(ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

Section 197 (13) – Overall maximum managerial remuneration and managerial Remuneration in case of absence or inadequacy of profits

Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**Relevant extracts of the provisions under Clause 49
of the Listing Agreement effective October 1, 2013**

49. Corporate Governance

I. The company agrees to comply with the provisions of Clause 49 which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below. In case of any ambiguity, the said provisions shall be interpreted and applied in alignment with the principles.

D. Responsibilities of the Board

1. Disclosure of Information

a. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

b. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

2. Key functions of the Board

The board should fulfill certain key functions, including:

a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

b. Monitoring the effectiveness of the company's governance practices and making changes as needed.

c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.

e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

g. 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.

h. Overseeing the process of disclosure and communications.

i. Monitoring and reviewing Board Evaluation framework.

3. Other responsibilities

a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.

b. The Board should set a corporate culture and the values by which executives throughout a group will behave.

c. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.

d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.

e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.

f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.

g. The Board should be able to exercise objective independent judgement on corporate affairs.

h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.

i. The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.

j. The Board should have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.

k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.

l. Board members should be able to commit themselves effectively to their responsibilities.

m. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.

n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

SCHEDULE IV

[See 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 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;

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- (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.