

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

**PULZ ELECTRONICS LIMITED  
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## **Introduction:**

In accordance with the provisions of section 149(8) read with Schedule IV of the Companies Act, 2013 and the rules framed thereunder, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, a Company needs to frame terms and conditions for appointment of Independent Directors and the same needs to be posted on the website of the Company.

## **Terms and Conditions for appointment of Independent Directors**

### **1. Committees:**

The Board of Directors (the Board) may, if it deems fit, invite the Independent Directors for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. Their appointment on such Committee(s) will be subject to the applicable regulations pursuant to which the appointment is done.

### **2. Term:**

The appointment of Independent Directors shall be for a term not exceeding 5 years as per the provisions of Section 149 of the Companies Act, 2013. Unless the appointment is renewed on or prior to the termination date, he/ she will cease to hold office as a Director of the Company immediately after the Termination Date.

### **3. Guidelines for conduct:**

The Independent Directors shall:

a) uphold ethical standards of integrity and probity;
b) act objectively and constructively while exercising their duties;
c) exercise responsibilities in a <i>bona fide</i> manner in the interest of the company;
d) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
e) not allow any extraneous considerations that will vitiate the 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;
f) not abuse their 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;
g) refrain from any action that would lead to loss of their independence;
h) where circumstances arise which make an independent director lose their independence, the matter must immediately be informed to the Board accordingly;
(i) assist the company in implementing the best corporate governance practices.

#### **4. Functions and responsibilities:**

The Independent Directors shall:

a) 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;
b) bring an objective view in the evaluation of the performance of board and management;
c) scrutinise the performance of management in meeting the agreed goals and objectives and monitor the reporting of performance;
d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
e) safeguard the interests of all stakeholders, particularly the minority shareholders;
f) balance the conflicting interest of the stakeholders;
g) 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;
h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

#### **5. Duties:**

The Independent Directors shall:

a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
b) seek appropriate clarification or amplification of information and where necessary, take and follow appropriate professional advice and opinion of outside experts;
c) strive to attend all meetings of the Board of Directors and of the Board committees as a member;
d) participate constructively and actively in the committees of the Board in which they are chairperson/s or member/s;
e) strive to attend the general meetings of the company;
f) where there are concerns about the running of the company or a proposed action, ensure that these are addressed by the Board;
g) keep themselves well informed about the company and the external environment in which it operates;
h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
i) 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 com-

pany;
j) 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;
k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
l) acting within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
m) 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.

The role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **6. Code of conduct and duties and responsibilities:**

The Independent Directors shall abide by the Company's Code of Conduct applicable to Directors and which is intimated to them and adhere to the business principles and guidelines of professional conduct to the extent applicable to an Independent Director of the Company.

#### **7. Status of appointment and remuneration:**

The Independent Directors shall not be the employees of the Company and shall be paid such remuneration by way of sitting fees for meetings of the Board and its Committees or such reimbursement of expenses for attending the meeting/s and any other commission etc. as may be decided by the Board and approved by the Shareholders as may be deemed necessary from time to time and in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **8. 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 the appointment commencing, Independent Directors 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, when applicable, circumstances that might lead the Board to revise its judgement regarding their independent status, this should be disclosed to both the Board and the Company Secretary immediately.

The Company is required to disclose in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a

Board meeting so that the minutes may record their interest appropriately and the Company's records are updated. A general notice that the Independent Directors are interested in any contracts with a particular person, firm or company is therefore required on an annual basis and thereafter as and when the interest arises.

### **9. Confidentiality:**

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

Attention is also drawn to the requirements under the applicable regulations of the Insider Trading Regulations Code which concern the disclosure of price sensitive information and dealing in the securities of Company. Consequently Independent Directors should avoid making any statements or performing any transactions that might risk a breach of these requirements.

### **10. Evaluation:**

The evaluation of the performance of the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment and reappointment. This is as stipulated by the relevant provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **11. Termination:**

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| a) Independent Directors may resign from their position at any time and if they wish to do so, they are requested to serve a written notice on the Board;   |
| b) Continuation of their appointment for another term of 5 years is contingent on they getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules and regulations in force. |

### **12. Authority:**

The letter of appointment of Independent Directors will be issued under the authority of the Board.