



# Palakkad Small Hydro Company Limited

(A Company Promoted by District Panchayat, Palakkad)

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## TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR

*[Pursuant to the provisions of Section 149,150,152 and Schedule IV to the  
Companies Act, 2013]*

### Appointment:

- The Independent Director shall be appointed for a term up to five consecutive years on the board of the company and shall be eligible for re-appointment for another term up to five consecutive years on passing of special resolution by the company.
- The Independent Director shall not hold office for more than two consecutive terms, but he/she shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director. Provided that the independent director shall not, during the period of three years, be appointed or be associated with the company in any other capacity either directly or indirectly.

### Other Terms and Conditions

- During the Appointment, the Independent Director may be required to serve on one or more of the committees of the Board such as Audit Committee, Nomination and Remuneration Committee or such other Committees as may be constituted from time to time.
- The Independent Director is an independent non-executive director and will be identified as such in the annual report and other documentation of the Company.

- If circumstances change, and he/she believes that his/her independence will be in doubt, Independent Director shall discuss the same with the Chairman and Company Secretary of the Company as soon as practicable.

### **Duties and Responsibilities:**

The duties and liabilities of the Independent Director will be as required of a Non-Executive Independent Director under the Companies act 2013 as amended from time to time.

- The Independent Director should perform his/her fiduciary duties in a responsible manner and his/her general legal responsibilities to the Company will be at par with a non executive director.
- The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his/her duties, comply with the requirements of Section 166 and Schedule IV to the Companies Act, 2013 (“the Act”).
- The Independent Director to be held liable only in respect of such acts of omission or commission by the Company which have occurred with his/her knowledge, attributable through Board processes, and with his/her consent or where Independent Director has not acted diligently.
- The Independent Director 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 best interest of the company.
- The Independent Director shall not involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- The Independent Director shall not achieve or attempt to achieve any undue gain or advantage either to his/her own or his/her relatives, partners or associates.

### **Professional Conduct:**

1. The Independent Director Shall;
  - uphold ethical standards of integrity and probity.
  - act objectively and constructively while exercising his/her duties
  - exercise the responsibilities in a bona fide manner in the interest of the company.
  - not abuse his position to the detriment of the company or its shareholder's or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person
  - assist the company in implementing best Corporate Governance practices.
2. The Company has relied on the declaration of the Independent Director that he / she meets the criteria of independence as provided in Section 149(6) of the Act
3. The Independent Director will be required to abide by the guidelines as to professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act.

### **Time Commitment:**

By accepting the appointment the Independent Director, he / she shall allocate sufficient time to perform his/her duties as a director and attend meetings of the Board or any committee thereof. In addition to such attendances, Independent Director will be expected to devote appropriate preparation time ahead of each meeting.

### **Confidentiality:**

Independent Directors shall not use for his/her own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary or any group or associate companies of the Company, which

he/she may acquire by virtue of his/her position as an independent director, including any information about the deliberations of the Board. The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term), become available to the public generally.

**Remuneration:**

Independent Directors shall be paid sitting fees, as may be determined by the Board from time to time, for attending meetings of the Board and the Committees of which they are members.

**Performance Appraisal:**

The performance of Independent Director shall be done by the entire Board of Directors excluding the director being evaluated once in a year.

**Termination:**

- Independent Director may resign from his position at any time by serving a reasonable written notice on the Board stating out the reason for resignation. Further, appointment of Independent Director shall be terminated in accordance with applicable law.
- Continuation of appointment of Independent Director is contingent on his/her willingness to continue as an Independent Director, and getting re-appointed by the shareholders in accordance with applicable law.

**Disclosure:**

During the term of office, the Independent Director shall promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. Upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman

and the Company Secretary. During their term, they agree to promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect their status as an Independent Director.

### **Meeting of Independent Directors**

The Independent Director shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and in the meeting shall;

- a. review the performance of non-independent directors and 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 the duties

And such other matters as may be required by the act from time to time.

### **Relationship:**

- The appointment constitutes neither a contract for services nor a service contract.
- There will be no relationship of employer and employee as a consequence of appointment as a director of the Company.

### **Authority:**

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