




**NICDIT KRISHNAPATNAM  
INDUSTRIAL CITY  
DEVELOPMENT LIMITED**

**TERMS AND CONDITIONS OF APPOINTMENT OF  
INDEPENDENT DIRECTOR**

Adopted in Board Meeting held on 21<sup>st</sup> March, 2024



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 FUTURE WORK LIFE



## 1. APPOINTMENT:

- 1.1. In accordance with the provisions of the Companies Act, 2013 (the "Act") and the Rules made there under read with Schedule IV to the Act, the appointment is for a period of five consecutive years or such other less period as may be decided by the Members and the appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013.
- 1.2. The term Independent Director should be construed as defined under the Act.
- 1.3. The Company has adopted the provisions with respect to appointment and tenure of Independent Directors, which is consistent with the Act, as may be amended from time to time. Accordingly, the Independent Directors will serve for not more than two consecutive terms of five years each on the Board of the Company.
- 1.4. The appointment for a second term is contingent on the Independent Director getting re-elected by the shareholders in accordance with the provisions of the Act. Independent Director will not be entitled to compensation if the shareholders do not re-elect him/ her at any time.

## 2. COMMITTEES:

During the term of the appointment, Board may, if it deems fit, invite the Independent Director for being appointed on one or more existing Board Committees or any such Committee that it sets up in the future. Upon appointment, the Independent Director will be provided with the appropriate committee charter which sets out the functions of that committee.

## 3. 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.



#### 4. 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.

#### 5. TERMINATION:

- 5.1. The Independent Director may resign from his/ her position at any time and should he/ she wishes to do so, he/ she is requested to serve a reasonable written notice on the Board.
- 5.2. The appointment may also be terminated in accordance with the provisions of the Companies Act, 2013.



## 6. STATUS OF APPOINTMENT:

- 6.1. The Independent Director will not be an employee of the Company and this letter shall not constitute a contract of employment.
- 6.2. The company shall pay a sitting fee as per the provisions of Companies Act, 2013 for attending meetings of the Board and any of the committees of the Board, subject to deduction of applicable taxes. He/ She shall be entitled to this fee, as and when he/ she attends these meetings.
- 6.3. Further, He/ She may also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

## 7. REIMBURSEMENT OF EXPENSES:

In addition to the remuneration described in paragraph 6.2, the company will, for the period of the appointment, reimburse the independent director for travel, hotel and other incidental expenses incurred by him/ her in connection with attending the meetings of the board and/or committees thereof.

## 8. CONFLICT OF INTEREST

- 8.1. It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company. He/ She is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of his/ her appointment and in the event of further appointment and relinquishment as Director in other entities.
- 8.2. In the event, the circumstances seem likely to change which might give rise to a conflict of interest or there are circumstances that might lead the Board to revise its judgement that he/ she is independent, such circumstances shall be disclosed to the Board who shall have the authority to take appropriate decision in this regard.

## 9. CONFIDENTIALITY:

- 9.1. All information acquired during the appointment is confidential to the Company and should not be released, either during the appointment or following termination (by whatever means) to third parties without prior clearance from the Managing Directors, unless required by law or regulatory body. On reasonable request, the Independent Director shall surrender any documents and other materials made available to him/ her by the Company.
- 9.2. The attention of the Independent Director is also drawn to the requirements under the to be applicable regulations and the Code of Conduct for Prevention of Insider Trading which concerns the disclosure of price sensitive information and dealing in the securities of the Company upon getting itself listed. Consequently, he/ she should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Compliance Officer or other authorized officer in this regard





## 10. FAMILIARIZATION PROGRAM

Immediately after the appointment, a familiarization program shall be undertaken for the Independent Director to enable him/ her understand the business of the Company including sharing Organizational Chart, publicity material of the company & policy handbook of the Company etc. Ongoing training and familiarization sessions, including briefings from management on business, strategy, operations & financial updates shall also be conducted. The Independent Director shall avail these opportunities as fully as is appropriate to his/ her circumstances.

## 11. EVALUATION

The performance evaluation of 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 of the independent director.

## 12. 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.

## 13. INDEPENDENT PROFESSIONAL ADVICE

There may be occasions when the Independent Director considers that he / she needs professional advice in furtherance of his/ her duties as a director. He/ She may consult independent advisors at the Company's expense subject to an advance intimation to the Company about such proposed consultation. The Company will reimburse any such cost incurred in accordance with the Company's policy.



#### 14. DISCLOSURE OF INTEREST

The Company is required to include in its Financial Statements 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 no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record his/ her interests appropriately. A general notice that he/ she is interested in any contracts with a particular person, firm or company is acceptable.

#### 15. GOVERNING LAW

This agreement is governed by and will be interpreted in accordance with Indian law and his/ her engagement shall be subject to the jurisdiction of the Indian courts.

