

**OCTAWARE TECHNOLOGIES LIMITED**  
**TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

**1. APPOINTMENT & TENURE**

The appointment of Independent Director for initial term is generally for a period of 5 (five) consecutive years unless vacated and/or terminated earlier, as per provisions of the applicable laws. This tenure is subject to meeting the criteria for being an Independent Director and not being disqualified to be a director under applicable laws on a continuous basis.

Independent Director is is not liable to retire by rotation.

The appointment and continuation of office of Independent Director is subject to the applicable provisions of the Companies Act, 2013 (the Act) and the SEBI (Listing obligations and Disclosure requirements) Regulations, 2015

**2. TIME COMMITMENT**

Independent Director is expected to bring objectivity and independence of view to the Board's deliberations and to help the Board with effective overview of the Company's strategy, performance, social commitments, and risk management and ensure high standards of financial integrity and governance. Independent Director are required to perform the duties expected including (without limitation) attending Board/Committee meetings of which a member and shareholders meetings and to devote such time, as appropriate, for you to discharge your responsibilities and duties effectively.

**3. ROLE & DUTIES**

Role and duties of Independent Director will be as set out under the Act and the Regulations including but not limited to the fiduciary duties associated with the office of an independent director. Independent Director (and without prejudice to the roles, functions and duties specified in Schedule IV of the Companies Act), shall:

- (i) act in accordance with the AOA;
- (ii) act in good faith in order to promote the objectives of the Company for the benefits of its members as a whole and in the best interest of the Company;
- (iii) discharge responsibilities and duties with due and reasonable care, skill and diligence by exercising independent judgement;

- (iv) strive to attend every meeting of the Board and its Committee(s) of which a member and general meetings;
- (v) strive to attend any other meetings, where attendance is solicited;
- (vi) provide strategic direction and also act as a constructive critic in evaluating the proposal and plans on strategic direction;
- (vii) evaluate and scrutinise the performance of the management in meeting agreed goals and objectives;
- (viii) satisfy on the integrity of financial information and that financial controls and systems of risk management are robust and compliant with applicable laws;
- (ix) keep well informed about the Company and the external environment in which it operates; and
- (x) ensure that the vigil mechanism policy of the Company is implemented and report concerns about any unethical behaviour, actual or suspected fraud or violation of the Code of Conduct .

#### **4. ADHERENCE TO THE CODE OF CONDUCT**

During the tenure, Independent Director of the Company are required to comply and abide with the provisions of the Act and the SEBI (Listing obligations and Disclosure requirements) Regulations, 2015 including the following:

- (i) Code for Independent Directors outlined in Schedule IV of the Act and duties of Directors as provided in the Act including Section 166 of the Act and Regulation 25 of SEBI (Listing obligations and Disclosure requirements) Regulations, 2015,
- (ii) Code of Conduct for Board and Senior Management framed under the SEBI (Listing obligations and Disclosure requirements) Regulations, 2015; and
- (iii) Policy for Prevention of Insider Trading framed by the Company under the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Code”).

#### **5. PROFESSIONAL CONDUCT AND CONFLICT OF INTEREST**

Independent Director shall not –

- (i) participate in or vote at any meetings of the Board/Committees wherein interested ;
- (ii) achieve or attempt to achieve any undue gain or advantage either for self or for relatives, partners, or associates;
- (iii) allow any extraneous considerations to vitiate exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring with or dissenting from the collective judgment of the Board in its decision making;

- (iv) abuse position to the detriment of the Company or its shareholders;
- (v) unfairly obstruct the functioning of the Board or Committee meeting(s);
- (vi) put in a position which results in a direct or indirect conflict of interest or possible conflict of interest with the Company; and
- (vii) assign office of an Independent Director and any assignments so made shall be void.

## **6. DISCLOSURES OF INTEREST**

- (i) It is accepted and acknowledged that Independent Director may have business interests other than those of the Company. As a condition of appointment, Independent Director are required to submit various disclosures/declarations under applicable laws and as per Company's policies including declarations with respect to any directorships appointments and interests to the Board in writing. Independent Director will not serve in more than seven listed companies including the Company and if to be appointed as a whole time director in any listed company, you will not serve as an Independent Director in more than three listed companies including the Company. Further, in no event Independent Director shall hold directorship in companies beyond the limits specified in Section 165 of the Act;
- (ii) During the term of appointment , Independent Director to promptly notify the Company of any change in directorships and provide such disclosure and information as may be required under the applicable laws; and
- (iii) Independent Director shall refrain from any action that would lead to loss of independence. In the event that the circumstances of Independent Director seem likely to change which might give rise to conflict of interest or such change in circumstances could lead the Board to revise its judgement regarding independence, such changes or possible changes incircumstances should be disclosed to the Board promptly.

## **7. EVALUATION**

The Company shall carry out an evaluation of the performance of the Board as a whole and of the Committees and directors of the Board on an annual basis as per the Company's policy. The performance evaluation of independent directors shall be done by the entire Board, excluding the director being evaluated. The appointment/ re-appointment on the Board shall be subject to the outcome of the annual evaluation process.

## **8. INDEPENDENT DIRECTORS' MEETING**

A separate meeting of the Independent Directors will be held at least once every year without the attendance of the non-independent directors and the members of the management. The Company expects all the Independent Directors to strive to be present at this meeting.

## **9. LIABILITY UNDER THE ACT**

Pursuant to the provisions of the Act, an Independent Director will be liable only in respect of such omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes and with his/her consent or connivance or where he/she had not acted diligently.

## **10. REMUNERATION**

Independent Director on the Board shall be entitled to:

- (i) Sitting fee of Rs. 10,000/- (Rs Ten thousand only) or such fee as modified by the Board for attending each Board meeting and meetings of the Committee(s) thereof.
- (ii) Commission, which is paid annually based upon the performance of the Company and the individual performance of each Director (cumulatively for all Non-Executive Directors up to 1% of Net Profit of the Company or such amount as may be approved by the shareholders of the Company) subject to applicable laws including the Act.
- (iii) Payment or reimbursement of such fair and reasonable expenditure, as may have been incurred while performing role as an Independent Director of the Company, which could include reimbursement of expenditure for attending Board / Committee meetings, General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training organized by the Company for its directors, subject to prior consultation with Board, in the furtherance of duties as an Independent Director.

## **11. TERMINATION**

- (i) Independent Director may resign from the position at any time by giving a notice in writing to the Company stating reasons of resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date if any specified in the notice, whichever is later.
- (ii) Independent Director shall cease to hold office if fails to meet the criteria for an Independent Director mentioned in the Act and/or the SEBI (Listing obligations and Disclosure requirements) Regulations, 2015 and/or if otherwise disqualified and shall forthwith intimate the Company of such an event and promptly submit resignation to the Company with effect from date of such change.
- (iii) The Company can also terminate your directorship in accordance with the procedure set out in Section 169 of the Act. Apart from the grounds of termination as specified in the Act, your directorship may be terminated for violation of any provisions of the appointment letter.

## **12. COOPERATION**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on the part of Independent Director during the tenure, to the Independent Director shall render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably required by the Company or its counsels.

## **13. CHANGES IN PERSONAL DETAILS**

During term, an Independent Director shall promptly intimate the Company in the prescribed manner, of any change in address or other contact or personal details.

## **14. GENERAL**

The appointment letter and any non- contractual obligations arising out of or in connection with the letter are governed by and shall be construed in accordance with, the laws of India and the parties agree to submit to the exclusive jurisdiction of the courts in Mumbai.

