

## Letter of Appointment as Independent Director

To,  
Director  
(DIN \_\_\_\_\_)  
Address \_\_\_\_\_  
\_\_\_\_\_

Dear Sir/ Madam,

Sub: Your appointment as an Independent Director on the Board of Standard Chartered Securities (India) Limited (the Company) in accordance with Companies Act, 2013.

As you are aware, major provisions of the Companies Act, 2013 (the Act) have been made effective with effect from April 1, 2014. Section 150(2) read with Section 152(2) of the Act inter-alia requires that appointment of Independent Directors shall be approved by the Company in general meeting. Further, Sections 149(10) of the Act inter-alia states that an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company.

In order to meet the requirements of the aforesaid Sections of the Act, the Notice dated \_\_\_\_\_ calling the General Meeting (GM) of the Company inter-alia contained a Special Business relating to your appointment as Independent Director on the Board of the Company for a period of Two consecutive years.

We are extremely pleased to inform you that the Members of the Company at the GM held on \_\_\_\_\_ have approved your appointment as an Independent Director of the Company for a period of \_\_\_\_\_ with effect \_\_\_\_\_.

To help you understand the key provisions of the Act with respect to Independent Directors, we are issuing you this 'Letter of Appointment' which inter-alia covers the following:

Definition of an Independent Director as per Section 149(6) of the Companies Act, 2013	Annexure 1
Your term of appointment as Independent Director of the Company	Annexure 2
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We would be grateful if you would confirm receipt of this letter, and your acceptance of the appointment as set out in Annexure 8, by signing and returning the same.

Should you require any further information/clarification, please feel free to contact Company Secretary \_\_\_\_\_ .

Yours truly,

For Standard Chartered Securities (India) Limited

Chairman of the Board  
(DIN \_\_\_\_\_)

## ANNEXURE 1

### DEFINITION OF INDEPENDENT DIRECTOR AS PER SECTION 149(6) OF THE COMPANIES ACT, 2013

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 2% (two) or more of its gross turnover or total income or Rs. 5,000,000/- (Rupees Fifty Lakh Only) 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 firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or

- any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% (ten) or more of the gross turnover of such firm;
- (iii) holds together with his relatives 2% (two) or more of the total voting power of the Company;
  - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25%(twenty-five)or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% (two) or more of the total voting power of the Company;
- f) who possesses such other qualifications as may be prescribed.\*

\*An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business [Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014].

## ANNEXURE 2

### YOUR TERM OF APPOINTMENT AS INDEPENDENT DIRECTOR OF THE COMPANY

As an Independent Director, you shall hold office for a term of two consecutive years on the Board of the Company with effect from \_\_\_\_\_ -.

Your term as an Independent Director can be further extended to another term of two consecutive years subject to shareholders' approval by way of special resolution.

Further, after the expiration of the term or extended term, you shall be eligible for being appointed as an Independent Director only after expiration of three years of ceasing to be an Independent Director.

During the said period of three years, you will not be eligible to be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Further, during your tenure as an Independent Director, you shall not be liable to retire by rotation.

Further, the Act states that the appointment of Independent Director shall be approved by the Company in general meeting and the explanatory statement annexed to the notice of the general meeting called to consider the said appointment shall indicate the justification for choosing the appointee for appointment as Independent Director. It also provides for an evaluation mechanism by which 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. Further, the re-appointment of Independent Director shall be on the basis of the report of performance evaluation.

### ANNEXURE 3

#### YOUR ROLE, RESPONSIBILITIES AND DUTIES AS INDEPENDENT DIRECTOR OF THE COMPANY

##### Expectations of the Board:

The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for business acumen and integrity.

Following personal and professional characteristics are expected from Independent Directors:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his/her duties;
- exercise his/her responsibilities in a bona fide manner in the interest of the Company;
- devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
- refrain from any action that would lead to loss of his/her independence;
- where circumstances arise which make an Independent Director lose his/her independence, the Independent Director must immediately inform the Board accordingly;
- assist the Company in implementing the best corporate governance practices.

##### Board constituted committees in which you are a member:

Audit Committee	The Committee shall review, on behalf of the Board, the Company's internal financial controls to identify, assess, manage and monitor financial risks and to review the Company's internal control systems and act as the Audit Committee of the Company.	Other members:
Nomination and Remuneration Committee	To determine fit and proper criteria for Directors and to frame a policy relating to the	

	remuneration for the directors, key managerial personnel and other employees.	
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**Separate meetings:**

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;

All the Independent Directors of the Company shall strive to be present at such meeting;

The meeting shall:

- review the performance of non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- 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.

**Role, Responsibilities and Functions:**

The Independent Directors shall:

- 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;
- bring an objective view in the evaluation of the performance of Board and management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder’s interest.

**Duties:**

As per the Companies Act 2013: The Independent Directors shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a Member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the Company;
- 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;
- keep themselves well informed about the Company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- 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;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct;
- acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- 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 the law.



## **Other Duties as per Group guidelines:**

### Outside Interests

It is accepted and acknowledged that you have existing outside interests (other than those that concern the Group) and have declared any conflicts that are apparent to you. In the event that your circumstances seem likely to change and might reasonably be regarded as likely to give rise to a conflict of interest, notification must be given to both the Board and Company Secretary.

Prior to accepting any new outside interest you must make appropriate notifications to the Board and Company Secretary. You should not accept, take up or commence any such new outside interest until such notification has been made and, where relevant, has been authorised by the Board and / or Nomination Committee.

### Confidentiality

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Company.

If consent is given you must ensure that any third party is bound by the same obligations of confidentiality.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Board.

### Continuous Education

The Company will review with each Independent Non-Executive Director their continuing training needs and it is the Company's intention that each Independent Non-Executive Director will continue to receive training on a continuing basis.

### Liabilities:

Section 149(12) of the Act inter-alia states that, notwithstanding anything contained in this Act, an Independent Director 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.

## **ANNEXURE 4**

### **DIRECTORS AND OFFICERS (D&O) LIABILITY POLICY**

The Group (which includes all its subsidiary companies) has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment

CONFIDENTIAL!

## ANNEXURE 5

### Code of Conduct

While you are a director of the Company you will be expected to observe and affirm the Code of Conduct as per Schedule IV of the Companies Act, 2013 and the Group's Code of Conduct appended below.

CONFIDENTIAL!

## ANNEXURE 6

### LIST OF ACTIONS INDEPENDENT DIRECTORS SHOULD NOT DO WHILE FUNCTIONING AS SUCH IN THE COMPANY

Following is an illustrative list of actions which Independent Directors should not perform while functioning as such in the Company:

The Independent Director shall:

- not allow any extraneous considerations that will vitiate his/her 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;
- not abuse his/her 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;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- not buy in the Company, or in its holding, subsidiary or associate Company:
  - a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures; or
  - a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.
- not enter into insider trading of securities;
- not put himself/herself in a position where he/she has or may have an actual or potential conflict of interest with the Company. Should such an occasion arise, he/she should discuss the matter with the Board or the Company Secretary immediately;
- not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his relatives, partners, or associates;
- shall not assign his/her office and any assignment so made shall be void.

## ANNEXURE 7

### SITTING FEES PAYABLE TO YOU AS INDEPENDENT DIRECTOR

As per the provisions of Section 197(5) of the Act, you as an Independent Director shall be entitled to receive remuneration by way of fee for attending meetings of the Board or Committee thereof. Further, you shall also be entitled to receive reimbursement of accommodation / air travel expenses, if any, for participating in the Board and other Committee meetings.

The Board of Directors at its meeting held on \_\_\_\_\_ has approved the following sitting fees to the Non-Executive Director(s) for attending meetings of the Board/committees:

(Amount in Rs.)

Sr. No.	Type of meetings	Sitting Fees (per meeting)
1	Board	20,000/-
2	Audit Committee of the Board	15,000/-
3	Nomination and Remuneration Committee of the Board	15,000/-

## ANNEXURE 8

### YOUR ACCEPTANCE OF THE APPOINTMENT

This letter forms the agreement for your appointment as an Independent Non-Executive Director of the Company. For the purposes of clarification, it is agreed that this letter of appointment is not a contract of or for services and you will not be entitled to any compensation for loss of office apart from any arrears of fees which may be due.

The terms of your appointment will be subject to the Companies Act 2013.

I am sure that you will make an important contribution to the Board's deliberations – I firmly believe in the role of the Independent Non-Executive Director to ensure the continuing effectiveness of the executive directors and management and to secure high standards of financial probity in all of our activities.

Please would you confirm your acceptance of these terms by signing and dating the enclosed copy of this letter and returning it to me.

Yours truly,

For Standard Chartered Securities (India) Limited,

\_\_\_\_\_  
Chairman of the Board (**DIN** \_\_\_\_\_)

I agree to the terms of my re-appointment as set out above.

\_\_\_\_\_  
Director (**DIN** \_\_\_\_\_)

Dated: