

# MORARKA FINANCE LTD.

## TERMS OF APOINTMENT OF INDEPENDENT DIRECTOR

### CLAUSE 49 OF THE REVISED LISTING AGREEMENT APPLICABLE FROM OCTOBER 1, 2014

#### APPLICABILITY:

For all listed companies, as per the requirements of clause 49 (II) (B)(4)(b) of the revised listing agreement applicable from October 1, 2014, the company is required to disclose the terms and conditions of appointment of Independent Directors of the company. Accordingly, below mentioned are the terms and conditions for appointment of the independent director of the company.

#### REFERENCE:

SEBI Circular	Date
CIR/CFD/POLICY CELL/2/2014 (ORIGINAL)	17/04/2014
CIR/CFD/POLICY CELL/7/2014 (AMENDED AND LIBERALIZED)	15/09/2014

#### TERMS AND CONDITIONS:

##### 1. The Appointment

- 1.1 An independent director is appointed in terms of provisions of section 149(10) & (11) of Companies Act, 2013 read with schedule IV of the said act, but the appointment is subject to consent of Shareholders under the provisions of the section 149 read with Schedule IV of the Companies Act, 2013. Further, the appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the listing agreement for the time being be in force and as amended from time to time.
- 1.2 The expression Independent Director should be interpreted as per the definition provided in the Companies Act, 2013 and the listing agreement entered into with stock exchanges.
- 1.3 The company has accepted the provisions with regards to appointment and tenure of holding office of Independent Directors which is in line with section 149 and Schedule IV of the Companies Act, 2013 and the Listing Agreement. Pursuant to that, the Independent Directors will hold the office for a period not more than two terms of five years each on the Board of the Company. The company is free to disengage Non Executive Independent Director prior to the above mentioned tenure subject to compliance of relevant provisions of Companies Act, 2013.

## **2. Appointment on various Committees of board of directors**

The Board of Directors (the Board) may, if it think proper, invite the independent directors for being appointed on one or more existing Board Committees or any such Committee that is set up in like Audit Committee (section 177), Nomination and Remuneration Committee (section 178), Stakeholder's Relationship Committee (section 178), Corporate Social Responsibility Committee (section 135) and other such non mandatory committees. Their appointment on such Committee(s) will be subject to the applicable regulations.

## **3. Dedication of Time and their expertise**

3.1 With independent directors' vast experience and professional expertise as an Independent Director, they are expected to bring objectivity and independence of perspective in the Board's discussions, performance, and risk management as well as ensuring excellent standards of financial probity and corporate governance. The Board and the Audit Committee also meets atleast four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee meetings which in ordinary course of action take place as per the requirements. The independent directors are expected to attend Board meetings, Board Committees to which they may be appointed and Shareholders meetings and to devote such time to their duties, as proper for them to execute their duties effectively. Normally, all meetings are held in Mumbai and few in Delhi or other places seldom depending on the exigencies & convenience of all directors.

## **4. Functions and Role**

Companies Act, 2013, in Schedule IV, provides for functions and duties and the listing agreement also provides for the same. There are few duties mentioned for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

I. They shall act as per the Company's Articles of Association.

II. They shall act in good faith in order to excel the objects of the Company for the merits of its shareholders as a whole, and in the best interest of the Company.

III. They shall execute their duties with due care and diligence.

IV. They shall not indulge in a circumstances in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company. Please refer to clause 7 for full explanation on conflict of interest.

V. They shall not accomplish or endeavour to accomplish any undue gain or benefit either to themselves or to their kith and kins, partners or associates.

VI. They shall not assign their office as Director and any assignments so made shall be void.

## **5. Appointment Status**

5.1 Being an independent director, they will not be an employee of the Company and this letter shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board and approved by the Shareholders from time to time. Further, the company does not pay any amount by way of commission.

5.2 No sitting fees presently paid to the Non-Executive Independent Director per meeting of the Board but out of pocket expenses incurred to attend the meeting with upper cap of Rs 1500 is payable to IDs.

## **6. Expenses Reimbursement**

In addition to the remuneration described in paragraph 5 the Company will, for the period of their appointment, reimburse them for travel, hotel and other incidental expenses incurred by them in the performance of their role and duties.

## **7. Conflict of Interest**

7.1 It is accepted and acknowledged that as an individual and professional person, they may have business interests other than those of the Company. As a condition to their appointment commencing, they 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. (Section 184 of the Companies Act, 2013)

7.2 In case of an event that the circumstances seem likely to change and might give genesis to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that they are independent, this should be disclosed to both the Managing Director and the Secretary.

## **8. Confidentiality**

All information acquired during their appointment is confidential to company and should not be released, either in course of their appointment or following termination (by whatever means) to third parties without prior written consent from the Managing Director / Director unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, they shall surrender any documents and other materials made available to them by the company.

Such directors focus is also drawn to the requirements under the applicable regulations and the Company's Insiders Trading Regulations which concern the disclosure of price sensitive information and dealing in the shares of company. As a result of which, they should avoid making any statements or undertaking any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Secretary.

## **9. Performance Evaluation**

As per the requirements of section 134(3)(p) of the Companies Act, 2013, the Company has adopted a policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Managing Director of the Board, if any. As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. their appointment and re appointment on the Board shall subject to the outcome of the yearly evaluation process.

## **10. Insurance Cover for professional liabilities**

As of now, due to the mediocre size of the company, it is not providing any Directors' and Officers' liability insurance.

## **11. Independent Professional Advice**

There may be events when independent directors think that they require professional advice in furtherance of their duties as a Director and it will be appropriate for them, with consultation and consensus of the executive directors of the company to consult independent advisers at the Company's

expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

## **12. Disclosure of Interest**

In its Annual Accounts, company should include 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 their interest appropriately and our records are updated this is even required as per the provisions of the act and the consequence is so severe that in case of non disclosure, the interested director has to vacate his office. A general notice that they are interested in any contracts with a particular person, firm or company is acceptable.

## **13. Termination**

a. independent directors may resign from their position at any time and should they wish to do so, they are requested to serve a reasonable written notice on the Board as per the requirements of the law and file such E-form required to be filed from their end and if required, the details of such form should also be provided to the company.

b. Independent director as per the requirements of the law, the continuation of their appointment is contingent on their 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 in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.

c. Their appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

## **14. Governing Law**

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

If they are willing to accept these terms of appointment relating to their appointment as a non executive Independent Director of company, they may kindly confirm their acceptance of these terms.