

Fine Organic Industries Limited

Regd. Office

Fine House, Anandji Street, Off M. G. Road,
Ghatkopar East, Mumbai 400 077, India.

CIN : L24119MH2002PLC136003

Tel : + 91-22-2102 5000

Fax : + 91-22-2102 8899 / 2102 6666

Email : info@fineorganics.com

Web: www.fineorganics.com



Terms and conditions of the Appointment of Independent Directors of Fine Organic Industries Limited

1. Appointment

- 1.1 The Appointment of Independent Director is for the term of five (5) consecutive years.
- 1.2 The term “Independent Director” should be construed as defined under the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).
- 1.3 The directorship of Independent Director is not subject to retirement by rotation.

2. Board Committees

The Board of Directors may appoint an Independent Director as Member/Chairperson of one or more of the Committees of the Company which will be covered in a separate communication, setting out the relevant committee’s terms of reference and any specific responsibilities as an Independent Director of the Company.

3. Remuneration

- 3.1 Independent Director shall be paid sitting fees for attending the meetings of the Board and the Committees of which he/she is a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.
- 3.2 In addition to the sitting fees, the profit related commission (subject to availability of profits) may be paid subject to the approval of Board of Directors and Shareholders of the Company.
- 3.3 The actual expenses incurred by the Independent Director for attending the meetings of Board or Committees thereof will be reimbursed to him/her by the Company.

4. Termination

Independent Director may resign from the position of Independent Director at any time by serving a reasonable written notice to the Board stating the reasons for resignation.

5. Preliminary

- 5.1 Independent Director shall submit a declaration in the beginning of every financial year under Section 149(7) of the Act during his/her tenure stating that he/she meets the criteria of independence. Independent Director shall promptly intimate to the Board of Directors if he/she is not in a position to meet any of the criteria for continuing as an Independence Director.
- 5.2 The number of companies in which Independent Director can hold office as a director shall not exceed the limit stipulated under the Act and the Listing Regulations which is attached as **Exhibit A**.

- 5.3 Independent Director will ensure that he/she does not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act. The list of disqualifications prescribed under Section 164 of the Act is attached as **Exhibit B**.
- 5.4 Independent Director shall ensure compliance with the provisions of the Act and the Listing Regulations, as applicable to him/her from time to time.
- 5.5 Independent Director will not hold office as a director in a competing firm/entity outside Fine Organics Group, without prior approval of the Board of Directors.

6. Guidelines of professional conduct, Role, Function and Duties as an Independent Director (As provided in Schedule IV to the Companies Act, 2013)

6.1 *Guidelines for Professional conduct:*

The Independent Director shall:

- 6.1.1 Uphold ethical standards of integrity and probity;
- 6.1.2 Act objectively and constructively while exercising the duties;
- 6.1.3 Exercise the responsibilities in a bona fide manner in the interest of the Company;
- 6.1.4 Devote sufficient time and attention to the professional obligations for informed and balanced decision making;
- 6.1.5 Not do anything that will influence the exercise of his/her objective independent judgment in the paramount interest of the Company as a whole;
- 6.1.6 Not abuse the 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;
- 6.1.7 Refrain from any action that would lead to loss of his/her independence;
- 6.1.8 Where circumstances arise, which make him/her lose his/her independence, he/she shall immediately inform the Board accordingly;
- 6.1.9 Assist the Company in implementing the best corporate governance practices.

6.2 *Role and functions:*

The Independent Director shall:

- 6.2.1 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;
- 6.2.2 Bring an objective view in the evaluation of the performance of Board and management;

- 6.2.3 Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 6.2.4 Satisfy himself/herself on the integrity of financial information and that the financial controls and systems of risk management are robust and defensible;
- 6.2.5 Safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6.2.6 Balance the conflicting interests of the stakeholders;
- 6.2.7 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;
- 6.2.8 Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between the management and shareholders' interest.

6.3 *Duties:*

The Independent Director shall:

- 6.3.1 Undertake appropriate induction and regularly update and refresh the skills, knowledge and familiarity with the Company;
- 6.3.2 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;
- 6.3.3 Strive to attend all meetings of the Board of Directors including a separate meeting of the Independent Directors and of the Board committees of which he/she is a member;
- 6.3.4 Participate constructively and actively in the committees of the Board in which he/she is a chairperson or a member;
- 6.3.5 Strive to attend the general meetings of the Company;
- 6.3.6 Where he/she has 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 his/her concerns are recorded in the minutes of the Board meeting;
- 6.3.7 Keep himself/herself well informed about the Company and the external environment in which it operates;
- 6.3.8 Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 6.3.9 Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the interest of the Company;

- 6.3.10 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;
- 6.3.11 Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- 6.3.12 Acting within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- 6.3.13 Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information or any other inside information of clients which have been deliberated at the board/ committee meeting, unless such disclosure is expressly approved by the Board or required by law.

7. Fiduciary duties

Independent Director has certain fiduciary duties towards the stakeholders of the Company. The particulars of such fiduciary duties and liabilities in accordance with the provisions of the Act are given below:

- 7.1 Independent Director shall act in accordance with the Articles of Association of the Company;
- 7.2 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 the best interests of the Company, its employees, the community and for the protection of environment;
- 7.3 Independent Director shall exercise your duties with due and reasonable care, skill and diligence and also exercise independent judgment;
- 7.4 Independent Director shall not be involved in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;
- 7.5 Independent Director shall not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners or associates;
- 7.6 Independent Director shall not assign your office and any assignment so made shall be void.

8. Directors & Officers (D & O) Liability Insurance

The Company has obtained a Directors and Officers Liability Insurance Policy. This policy, inter alia, protects the Directors and Officers of the Company against the claims arising from decisions and/or actions taken during the course of managing the business, subject to terms and conditions set out in the policy document.

9. Code of Business Ethics

The Company shall from time to time adopt such policies governing the conduct of the directors including a Code of Conduct ('the Code') for Board Members and Senior Management Personnel. The Code impresses upon the Directors and Senior Management Personnel to uphold the interests of the Company and fulfil their fiduciary obligations. The Code further enjoins the Directors and Senior Management Personnel to act in accordance with the highest standards of honesty, integrity, fairness, good faith and due diligence in performing their duties.

10. Training

The Company will, from time to time, organise training programs to make Independent Director familiar with the business and affairs of the Company, growth plan, the peculiarities of the industry in which the Company operates, its goals and expectations, long term plans and objectives. The Company shall keep the Independent Director updated about the new developments in respect of the industry in which the Company operates.

11. Performance Evaluation

Performance evaluation of an Independent Director shall be done by the entire Board of Directors (excluding himself/herself) and/or Nomination and Remuneration Committee.

12. List of actions not to be done while discharging functions as an Independent Director

The illustrative list of actions as specified under the Act which should not be performed by the Independent Director while discharging his/her functions as such in the Company is given below:

- 12.1 Not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- 12.2 Not buy in the Company, or in its holding company or fellow subsidiary companies;
 - 12.2.1 a right to call for delivery or make delivery at a specified price and within a specified time, of a specified number of shares or debentures; or
 - 12.2.2 a right, as an Independent Director may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of shares or debentures;
- 12.3 Not enter into insider trading of securities of the Company;
- 12.4 Not do anything which will lead to having an actual or potential conflict of interest with the Company. In case, such situation arises, Independent Director shall discuss the matter with the Chairman or the Company Secretary immediately;
- 12.5 Not achieve or attempt to achieve any undue gain or advantage for himself/herself or for his/her relatives, partners or associates.

13. Miscellaneous

- 13.1 Independent Director will have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, client information, intellectual property rights (including trade secrets), etc. (“**Confidential Information**”).
- 13.2 Independent Director shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.
- 13.3 If any Confidential Information is required to be disclosed by the Independent Director in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be made, to the extent possible, with the prior consent of the Board.

Limits on number of Directorships as prescribed under Section 165 of the Companies Act, 2013

A person cannot hold office as a director (including) alternate directorship:

- in more than **20 companies** (including both private and public companies) at same time.
- Maximum number of public companies (including private company which is a subsidiary or holding company of a public company) shall not exceed **10**.

Limit on number of Directorships as prescribed under the Listing Regulations

- A person shall not serve as an independent director in more than seven listed entities.
- Any person who is serving as a whole-time director/ managing director in any listed entity shall serve as an independent director in not more than three listed entities.
- A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he/she is a director which shall be determined as follows:
 - a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies, high value debt listed entities and companies under Section 8 of the Companies Act, 2013 shall be excluded;
 - b) for the purpose of determination of limit, chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.

Exhibit B

Disqualifications for appointment as a Director prescribed under Section 164 of the Companies Act, 2013

A person shall not be eligible for appointment as a director of a company, if such person:

- a. is of unsound mind and stands so declared by a competent court;
- b. is an undischarged insolvent;
- c. has applied to be adjudicated as an insolvent and his application is pending;
- d. has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he/she shall not be eligible to be appointed as a director in any company;

- e. an order disqualifying him/her for appointment as a director has been passed by a court or Tribunal and the order is in force;
- f. has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g. has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years;
- h. has not obtained Director Identification Number;
- i. is or has been a director of a company which has not filed financial statements or annual returns for any continuous period of three financial years;
- j. is or has been a director of a company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more.

Provided that if a person has been director of any such company as mentioned in (i) and (j) above, such person shall not be eligible to be appointed as director of that company or any other company for a period of 5 years from the date on which such company fails to do so.