

## **GOLKUNDA DIAMONDS & JEWELLERY LTD.**

### **TERMS AND CONDITIONS OF INDEPENDENT DIRECTOR**

#### **A. Preliminary:**

1. Any person who is appointed as an Independent Director (ID) of the Company will submit a declaration in the beginning of every financial year under section 149(7) of the Companies Act, 2013 ("the Act") during their tenure confirming their eligibility to hold the office of Independent Director of the Company or whenever there is a change in the circumstances which may affect their status as an Independent Director.
2. The number of companies in which ID can hold office as a director or a chairman or committee member will not exceed the limit stipulated under the Companies Act, 2013 and the listing agreement read with any statutory modification or re-enactment thereof.
3. Independent Director of the Company shall ensure that he / she do not get disqualified to act as a director pursuant to the provisions of Section 164 of the Act.
4. ID will ensure compliance with other provisions of the Act and the listing agreement as applicable to an Independent Director.
5. An ID shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

#### **B. Term of Appointment:**

Appointment will be for a term of Five (5) years but shall be eligible for reappointment and the Re-appointment is subject to the fulfillment of the prescribed conditions of the Companies Act, 2013.

Independent Director shall not be liable to Retire by Rotation.

#### **C. Guidelines of professional conduct, Role, Function and Duties as an independent director (As provided in Schedule IV of the Companies Act) Guidelines of professional conduct:**

##### **Guidelines for Professional conduct:**

1. An independent director shall 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 to abuse your 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 your independence;
8. where circumstances arise which make you lose your independence, you must immediately inform the Board;
9. assist the Company in implementing the best corporate governance practices.

**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.

**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 chairperson or member;
5. strive to attend the general meetings of the company;

6. where they have any 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 yourself 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. acting within this authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. not to 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.

**D. Performance Evaluation:**

Performance evaluation of an Independent Director shall be done by the entire Board of Directors (excluding the concerned ID). Reappointment or extension of term, if any, shall be on the basis of the report of performance evaluation by the Board of Directors.