

Date:

To,

Mr/Ms.....

Address:

Sub.: Letter of Appointment for Independent Director

I am pleased to inform you that the Board of Directors (“Board”) of Capillary Technologies India Limited (“Company”) has approved your appointment as an Independent Director of the Company (the “Independent Director”), in accordance with the provisions of the Companies Act, 2013 (“Act”). This appointment letter sets out the terms and conditions covering your appointment.

1. Appointment

- 1.1 You will be appointed as an Independent Director on the Board of Directors of the Company with effect from Your appointment is subject to approval of the Shareholders under the provisions of the Act. Your appointment is also subject to the maximum permissible Directorships under the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).
- 1.2 The term Independent Director should be construed as defined under the Act and the Listing Regulations.
- 1.3 Your appointment is also further to your confirmation to the Company that you meet the “independence” criteria as envisaged in Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations and your consent to hold office as a Director of the Company.
- 1.4 The Company and its Directors are required to adhere to provisions of the Act and the Listing Regulations, as may be amended from time to time with respect to appointment, re-appointment and tenure of Independent Directors. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage the Independent Directors prior to expiry of such term, subject to compliance of relevant provisions of the Act and other applicable law.

2. Committees



The Board may, if it deems fit, invite you to be on one or more existing committees of the Board (“Committees”) or any such Committee that it sets up in the future during the tenure of your office. Upon your joining any Committee, you will be provided with the appropriate charter which sets out the functions of such Committee.

3. Meetings

- 3.1 As an Independent Director, you are expected to bring objectivity and independence of view to the Board’s discussions and to help provide the Board with effective leadership in relation to the Company’s strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board meets at least four times in a year. The Audit Committee also meets at least four times in a year. In addition, meetings of the Nomination & Remuneration Committee, Stakeholders’ Relationship Committee and Corporate Social Responsibility Committee meetings will be convened as per the applicable regulations. You will be expected to attend meetings of the Board, any Committees to which you may be appointed, and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, all meetings are held at the registered office of the Company or such other place as decided by the Board or through video conferencing or other audio visual means permitted under the applicable law.
- 3.2 The Board aims to have at least one “independent directors only” meeting during each financial year so that they can have a discussion on the performance of the Company, risks faced by the Company and the performance of executive members of the Board. Independent Directors may invite the Chairman, any Executive Director or any other senior management personnel to make presentations on relevant issues.
- 3.3 By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

4. Role and Duties

Independent Directors have the same general legal responsibilities to the Company as that of any other Director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company’s affairs. There are certain duties prescribed for all Directors, both Executive Directors and Non-Executive Directors, which are fiduciary in nature and are as



mentioned in **Annexure-I** hereto. In addition, you shall abide by the Code of Independent Directors as prescribed under the Schedule IV of the Companies Act, 2013, as may be amended from time to time and with the Code of Business Conduct and Ethics and other codes and policies relevant to you as formulated by the Company and as may be amended from time to time.

5. Status of Appointment

You will not be an employee of the Company and this appointment letter shall not constitute a contract of employment. As an Independent Director you will not be liable to retire by rotation. You will be paid such remuneration by way of sitting fees of INR 1 lakh (INR one lakh) for attending every meetings of the Board and its Committees or for any other purpose whatsoever as may be decided by the Board.

Further, remuneration by way of commission may be paid as and when Board considers and Shareholders approves from time to time.

6. Reimbursement of Expenses

In addition to the remuneration described in paragraph 5, the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in connection with your attending the meetings of the Board and/or Committees thereof.

7. Conflict of Interest

7.1 It is accepted and acknowledged that you may have business interests other than those of the Company. You are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment and in the event of your further appointment and relinquishment as Director in other entities.

7.2 In the event, your circumstances seem likely to change which might give rise to a conflict of interest or there are circumstances that might lead the Board to revise its judgment that you are independent, such circumstances shall be disclosed to the Board who shall have the authority to take appropriate decision in this regard.

8. 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 Chairperson/CEO unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

Your attention is also drawn to the requirements under the applicable regulations and the Company's codes of conduct and fair disclosure in relation to prevention of insider trading, which set out requirements in relation to the handling and disclosure of price sensitive information and dealing in the securities of the Company. You are required to abide by such requirements and avoid making any statements or performing any transactions that might risk a breach of such requirements.

9. Familiarization Program

Upon your appointment, a familiarization program shall be undertaken for you to enable you to understand the business of the Company including the organizational chart, publicity material and policy handbook of the Company. Ongoing training sessions and familiarization programs, including briefings from management on business, strategy, operations & financial updates shall also be conducted. Please avail yourself of these opportunities as fully as is appropriate to your responsibilities.

10. Evaluation

The Company will carry out an evaluation of the performance of the Board as a whole, the Committees, and each of Directors on an annual basis.

11. Insurance

The Company shall maintain Directors' and Officers' liability insurance to the extent required under applicable laws and/or in accordance with its internal policies) for its Directors.

12. Disclosure of Interest

The Company will be required to disclose 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 your interest appropriately. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

13. Termination

- a. You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board. It is desirable that you inform Chairperson/CEO in advance of your intention to resign or not to seek re-appointment which will help to fill the vacancy.
- b. This appointment letter does not ensure your re-appointment for a second term, which will be subject to approval of the Shareholders in accordance with provisions of Act. You will not be entitled to compensation if the Shareholders do not approve your re-appointment.
- c. Your appointment may also be terminated in accordance with the provisions of the Act and other applicable laws.

14. Governing Law

This appointment letter, on acceptance, shall constitute an agreement governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the Indian courts at Bengaluru, India.

If you are willing to be appointed as an Independent Director of the Company, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this appointment letter.

<p>Yours sincerely, For Capillary Technologies India Limited</p>	<p>I hereby acknowledge receipt of and accept the terms set out in this appointment letter.</p>
<p>Signature:..... Name: Designation: Date:</p>	<p>Signature:..... Name:</p>



Annexure-I

Duties of Directors

- I. You shall act in accordance with the Company's Articles of Association.
- II. You 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 interest of the Company, its employees, the shareholders, the community and for the protection of environment.
- III. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as Director and any assignments so made shall be void.

In addition to the above requirements applicable to all Directors, the role of the Independent Director has the following key elements besides other duties cast upon them under Schedule IV of the Companies Act, 2013 (reproduced Schedule IV in next page):

- I. help in bringing an independent judgment to bear on Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- II. bring an objective view in the evaluation of the performance of board and management;
- III. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- IV. satisfy themselves on the integrity of financial information and that financial



- controls and systems of risk management are robust and defensible;
- V. safeguard the interests of all stakeholders, particularly the minority shareholders;
 - VI. balance the conflicting interest of shareholders;
 - VII. 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;
 - VIII. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.



Schedule IV
[See section 149(8)]
Code for Independent Directors

The Code is a guide to professional conduct for independent Directors. Adherence to these standards by independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent Directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) 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 abuse his 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 his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. 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) scrutinise 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.

III. 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 chairpersons or members;
- (5) strive to attend the general meetings of the company;



- (6) 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;
- (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 themselves 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 his authority", assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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.

IV. Manner of appointment:

- (1) Appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.



(4) The appointment of independent Directors shall be formalized through a letter of appointment, which shall set out:

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (*D and O*) insurance, if any;

(e) the Code of Business Ethics that the company expects its Directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent Directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within ²["three months"] from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.



VII. Separate meetings:

- (1) The independent Directors of the company shall hold at least one meeting "in a financial year", without the attendance of non-independent Directors and members of management;
- (2) All the independent Directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent Directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;
 - (c) 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.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.

