

## **Xerox India Limited**

### **TERMS & CONDITIONS OF LETTER OF APPOINTMENT ISSUED TO INDEPENDENT DIRECTORS**

#### **1. Appointment**

1. Your term of appointment (“the Term”) as a Non-Executive Independent Director is for a term of One (1) year on the Board of Directors of Xerox India Limited (hereinafter “XIND” or “the Company”) with effect from 03<sup>rd</sup> March 2015. Your appointment had been subject to approval of the shareholders as per the provisions of the Companies Act, 2013 (hereinafter “the Act”), and the same has been approved by the shareholders of the Company in the 19<sup>th</sup> AGM held on 23<sup>rd</sup> September 2015 (as adjourned from 16<sup>th</sup> September 2015 for want of quorum).
2. Your appointment shall not be subject to rotation as per the provisions of sub-section (6) of Section 152 of the Act.
3. Your appointment as an Independent Director of the Company was based, inter alia, on declaration by you that you comply with the conditions of independence as listed in Section 149(6) of the Act read with relevant rules thereunder.
4. Your appointment will be ceased automatically on the expiry of the term of appointment as above, or if you earlier vacate your office in terms of Section 167 of the Act. There is no compensation for cessation/vacation/resignation/termination of office of Independent Director in any circumstance.

#### **2. Committees**

The Board of Directors of the Company (hereinafter “the Board”) may, if it deems fit, and from time to time, invite you for being appointed on one or more existing Committees of Board or any such Committee that may be set up in the future. Your appointment on such Committee(s) will be subject to the applicable laws and regulations at the relevant point in time.

#### **3. Role and Duties**

As a member of the Board, your role, duties and responsibilities will be those as generally required of a Non-Executive Independent Director under the Act r/w the applicable Rules, etc. (as amended from time to time) thereunder some of which are as follows:

- a. To act in accordance with the Company’s Articles of Association;
- b. To uphold ethical standards of integrity and probity;
- c. To act objectively and constructively while exercising duties;
- d. To exercise responsibilities in a bona fide manner in the interest of the Company;
- e. To devote sufficient time and attention to professional obligations for informed and balanced decision making;
- f. Not to allow any extraneous considerations that will vitiate 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;

- g. Not to use 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;
- h. To refrain from any action that would lead to loss of independence and present any conflict of interest;
- i. Where circumstances arise, which make lose independence, then it must immediately informed the Board; and
- j. To assist the Company in implementing the best corporate governance practices.

You shall also abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act, and duties of directors as provided under the Act. For your ready reference, the relevant provisions (of the Act and Schedule thereto) have been extracted and attached to this letter marked as **Annexure A**.

#### **4. Status of Appointment and Remuneration**

You, as an Independent Director, are not an employee of the Company and this letter shall not constitute a contract of employment. You 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 from time to time. Additionally, the incidental expenses incurred by you for attending the aforesaid meeting/s will be reimbursed.

#### **5. Time Commitment**

You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

#### **6. Code of Conduct & other compliances**

During the appointment, you will comply with the applicable and relevant regulations as may be issued by the Government of India and such other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors and such other requirements as the Board of Directors may from time to time specify.

At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an independent director, you shall give a declaration to that effect to the Board confirming that you meet the criteria of independence as provided u/s 149(6) of the Act.

#### **7. Conflict of Interest**

It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, 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.

#### **8. Performance Evaluation**

The Nomination and Remuneration Committee will carry out the evaluation of the performance of the Board as a whole, Board Committees and all the Directors on an annual basis and recommend

the same to Board of Directors. Your appointment and re- appointment on the Board shall be subject to the outcome of the yearly evaluation process.

#### **9. Liability**

Being an independent director, you shall be held liable only in respect of such acts of omission or commission by the Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

#### **10. Insurance**

XIND has Directors' and Officers' (D&O) liability insurance policy and it is intended that XIND will assume and maintain such cover for the full term of your appointment as an Independent Director of the Company.

#### **11. Disclosure of Interest**

You shall disclose material interest that in any transaction or arrangement that the Company has entered into/is entering into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a meeting of Audit Committee/ Board so that the related minutes may record your interest appropriately. A general notice that you are interested in any transaction or arrangement with a particular person, firm or company or other entities is acceptable.

#### **12. Changes in personal details**

During the Term, you shall promptly intimate the Company Secretary and the Registrar of Companies (RoC) in the prescribed manner, of any change in address or other contact and personal details as provided to the Company.

#### **13. Publication of Letter of Appointment**

In terms of the provisions of Clause IV sub-clause 6 of the Schedule IV to the Act, the Company will put in public domain these terms and conditions of your appointment and shall also post the appointment letter on its website.

#### **14. Termination/Resignation/Cessation**

- 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, giving reasons of your resignation. Further, in terms of provisions of the Act, you are required to file a copy of your resignation letter with the Registrar of Companies (RoC) also.
- b. Continuation of your appointment as an Independent Director is contingent on your getting re-elected by the shareholders in accordance with the provisions of the Act, and the Articles of Association of the Company, from time to time in force. You will not be entitled to any compensation if the shareholders do not re-elect you at any time.
- c. Your appointment may also be automatically terminated in accordance with the provisions of the Act and provisions of Articles of Association of the Company from time to time in force.

- d. Your resignation shall take effect from the date on which the notice of such resignation is received by the Company or the date, if any, specified by you in the said notice, whichever is later.
- e. Your directorship on the Board of the Company shall cease in accordance with the laws. The Company may disengage you prior to completion of the Term (subject to compliance of relevant provisions of the Act) upon:
  - Violation of any provision of the Code of Conduct;
  - Upon you failing to meet the criteria for independence as envisaged in Section 149(6) of the Act.

#### **15. Governing Law & Jurisdiction**

The aforesaid terms and conditions of your appointment shall be governed by and will be interpreted in accordance with the Indian laws and your engagement shall be subject to the jurisdiction of the Courts in Gurgaon.

This letter constitutes neither a contract for services nor a service contract.

Please acknowledge the detailed terms and conditions of your appointment as a non-executive Independent Director of the Company as stated in the preamble contained herein by signing and returning to us the enclosed duplicate copy of the cover letter.

**SCHEDULE IV TO THE COMPANIES ACT, 2013**

[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 behaviour, 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 formalised 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 a period of not more than one hundred and eighty days 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 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.

#### **DUTIES OF DIRECTORS AS PER SECTION 166 OF COMPANIES ACT, 2013**

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company 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 shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.