



**VICEROY HOTELS LIMITED**

**DRAFT LETTER OF APPOINTMENT FOR DIRECTORS**

Mr/Ms.....

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Dear Sir/Madam

We are pleased to inform you that the Board of Directors (the “Board”) of Viceroy Hotels Limited (the “Company”) at its Meeting held on 5<sup>th</sup> August, 2014 have approved your appointment as a Non Executive Independent Director subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

**Appointment**

You are hereby appointed as a Non-executive Independent Director of the Company (Independent Director) under 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Independent Directors shall serve on the Board for not more than two terms of 5 (Five) years each on the Board of the Company as per the provisions of the Companies Act, 2013 and as per Clause 49 of the Listing Agreement for a term up to 5(Five) years only. Your appointment shall be for a period of 5 (Five) consecutive years with effect from 26<sup>th</sup> September 2014.

**Remuneration:**

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.

In addition to the remuneration as mentioned above, the Company will reimburse you for travel and hotel expenses incurred by you in the performance of your role and duties

**Other terms and Conditions:**

The Independent Director shall abide by the ‘Code for Independent Directors as outlined in Schedule IV to Section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including Section 166) and in Clause 49 of the Listing Agreement. For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexure II. This Agreement and Annexures I and II attached to this letter shall be governed by and will be interpreted in accordance with Indian Law and your engagement shall be subject to the jurisdiction of the India Courts.



We are confident that the Board and the Company will benefit immensely from your rich experience. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours Sincerely,

**FOR VICEROY HOTELS LIMITED**

**CHAIRMAN**

**AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

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Name:  
Place:  
Date:



## **Annexure I Terms of Appointment**

### **Committees**

The Board of Directors (the Board) may, if it deems fit, invite the Independent Director for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. The Independent Directors appointment on such Committee(s) will be subject to the applicable regulations.

### **Time Commitment**

By accepting this appointment, the Independent Director confirms that he/she is able to allocate sufficient time to meet the expectations from the Independent Director role to the satisfaction of the Board.

### **Role**

The independent director 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 himself / herself 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**

During the continuance of the Director's appointment, the 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 shareholders, the community.
- exercise his / her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
  
- not involve in a situation in which he / she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
  
- not achieve or attempt to achieve any undue gain or advantage either to himself / herself or to his / her relatives, partners, or associates and if such director is found guilty of making any undue gain, he / she shall be liable to pay an amount equal to that gain to the company.
  
- not assign his / her office and any assignment so made shall be void.
  
- use reasonable best efforts to attend all convened meetings of the Board and, if requested by the Board and meetings of the shareholders of the Company.
  
- comply with all reasonable requests and regulations made or given by a person from the Company or the Board (or by any duly authorized committee thereof) and give to the Company / Board such explanations, information and assistance as the Company / Board may reasonably require;
  - use commercially reasonable efforts to promote and extend the interests and reputation of the Company, including assisting the Board in relation to public and corporate affairs and bringing to bear for the benefit of the Board the Director's particular knowledge and experience.

*Duties as Committee members will be as per the Terms of Reference provided by the Board and will include attendance of Committee meetings.*

*Since the Director is appointed as an independent director, the Director shall promptly inform the Board of any circumstances that would likely affect such independent status.*

*In addition to the above, the Independent Director would abide by the provisions of Section 149(8) of the Companies Act, 2013 and Rules thereunder read with Schedule IV of the Companies Act, 2013.*



### **Status of Employment**

The Independent Director is not an employee of the Company and this letter shall not constitute a contract of employment. The Independent Director 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. Further, the Independent Director may be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

### **Reimbursement of Expenses**

In addition to the remuneration as described the Company will, for the period of the Independent Director appointment, reimburse the Independent Director for travel and hotel expenses incurred by the Independent Director in the performance of his/her roles and duties.

### **Confidentiality**

The Director agrees that both during and after his / her time as a director of the Company, the Director will not use for the Director's own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, including without limitation any information about the deliberations of the Board.

The restriction shall cease to apply to any confidential information which may (other than by reason of the Director's breach of these terms) become available to the public generally.

The Director also agrees during his / her appointment that he / she will not, other than for the benefit of the Company and in connection with his / her service as a director, memoranda, electronic records, tape records, films, photographs, plans, drawings or any form of record relating to any matter within the scope of the business or concerning the dealings or affairs of the Company and will return any such items at any time at the request of the Board.

The Director confirms that he / she has notified the Board in writing of all other directorships, appointments and interests, including any directorship, appointment or interest in a company, business or undertaking which competitor is likely to compete with the Company or which could otherwise potentially give rise to a conflict with his / her duties with the Company.

The Director undertakes that during the term of the Director's appointment, he /she will promptly disclose to the Board in writing any new directorship, appointment or interest.



### **Vacation of office**

The Director will vacate his / her office, if such Director:

- (i) resigns his / her office in writing delivered to the Chairman;
- (ii) is absent from meetings of the Board (such absence not being absence with leave or by arrangement with the Board ) for one year in succession and the Manager shall have resolved that his / her office shall be vacated; or
- (iii) Becomes prohibited by law from acting as a director.

## **Annexure - II**

### ***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 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.