

Date: \_\_\_\_\_  
Mr \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Mr / Mrs \_\_\_\_\_,

**Sub: Your Appointment as an Independent Director of Mukta Arts Limited**

I am pleased to inform you of your appointment as an Independent Director on the Board of Mukta Arts Limited with effect from \_\_\_\_\_ for a term of 5 (Five) years.

This letter will set out the terms of your appointment and your roles, duties, responsibilities and liability as an Independent Director on the Board of Mukta Arts Limited in compliance with the applicable provisions of the Companies Act 2013. (The Act)

This letter will inform you about the provisions related to the Independent Director (ID) introduced under the Companies Act, 2013. The Companies Act, 2013 and the recent amendments by SEBI to the Listing Agreement define the roles, duties, liabilities and the manner of appointment of IDs on the Board and various Committees of the Company.

Kindly return the duplicate copy of this letter and the Terms of Appointment enclosed herewith, duly signed by you in confirmation. We look forward to your continued support and guidance.

With regards,  
Yours Sincerely,

\_\_\_\_\_  
Chairman

## **Terms and conditions of appointment of independent directors**

### **1. Appointment**

- (a) Independent Director shall be appointed for a term of five years.
- (b) Independent Director shall not be liable to retire by rotation.
- (c) Re-appointment at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and shareholders. Re-appointment shall be considered by the Board based on the outcome of the performance evaluation process and subject to continuance of the director to meet the independence criteria.

### **2. Committees**

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

### **3. Time Commitment**

- (a) An Independent Director is expected to actively participate at the meetings of the Board and its Committees and to help provide the Board in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance.
- (b) The Independent Director is expected to attend Board, Board Committees to which he/she may be appointed and Shareholders meetings and to devote such time their duties, as appropriately

### **4. Role and Duties**

The role and duties of Independent Director shall be those normally required of an Independent Director under the Companies Act, 2013 and the listing agreement. Independent Director shall--

- (1) undertake appropriate induction and regularly update and refresh his/her skill, 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 his/her is a member;
- (4) participate constructively and actively in the committees of the Board in which his/her is chairperson or member;

- (5) strive to attend general meetings of the Company;
- (6) 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;
- (7) be 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 your 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.
- (14) act in accordance with the Company's Articles of Association.
- (15) not assign his/her office as Director and any assignments so made shall be void.

## **5. Status of Appointment**

- (a) Independent Director shall not be an employee of the. He/she shall be paid such remuneration by way of sitting fees for meetings of the Board as may be decided by the Board and approved by the Shareholders from time to time. Further, may also be paid remuneration by way of commission as and when decided and approved by the Board and the Shareholders.

## **6. DIRECTORS' FEES**

- (a) Independent Director shall be paid a sitting fee of Rs. 5,000/- for attending each meeting of Board and of the Committee, as per the provision of Section 197 of the Companies Act, 2013 and the Articles of Association of the Company.

- (b) The Company shall reimburse all travelling, hotel, and other incidental expenses properly and reasonably incurred by the independent director in performance of duties as per provisions of the Companies Act, 2013 in conjunction with the Company rules and policies. An Independent Director shall not be entitled to any stock option and shall not be covered by any pension scheme.

## **7. Conflict of Interest**

- (c) Independent Director may have business interests other than those of the Company. He/she is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form from time to time.
- (d) In the event that his/her circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that he/she is an independent, this should be disclosed to both the Chairman and the Company Secretary.

## **8. Evaluation**

The Company has adopted a policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors. As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Independent Director's appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

## **9. Independent Professional Advice**

There may be occasions when Independent Director consider that he/she needs professional advice in furtherance of his/her duties as a Director and it will be appropriate for him/her to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

## **10. Disclosure of Interest**

Independent Director shall disclose his/her interests no later than when the transaction or arrangement comes up at a Board meeting. A general notice that he/she is interested in any contracts with a particular person, firm or company is acceptable.

## **11. Termination**

- (a) Independent Director may resign at any time and also serve a reasonable written notice on the Board.
- (b) Continuation of Independent Director's appointment is contingent on his/her getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. He/she

shall not be entitled to compensation if the shareholders do not re-elect them at any time.

(c) His/her appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

Yours sincerely

For **Mukta Arts Limited**

Director

Signature:

Name : <Name of the Director>

DIN :

Date :

Place : Mumbai

## **CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

### **INTRODUCTION**

This Code of Conduct for Directors and Senior Management ('Code') has been adopted by Mukta Arts Limited ('MAL' or 'the Company') to comply with applicable laws and the rules and regulations of the Stock Exchanges on which the securities of the Company are listed.

This Code is in line with the Company's philosophy on Corporate Governance, which is based on high level of transparency and accountability in all aspects of its operations and covers a wide range of business practices and procedures and serves as a guide to ethical decision-making. This Code does not cover every issue that may arise, but it sets out basic policies to guide directors, senior officers and employees of the Company.

### **APPLICABILITY**

This Code is applicable to the following persons:

- Members of the Board
- Members of Senior Management.

Senior Management shall mean and include all members of the management one level below the Executive Directors and includes all functional heads.

Chairman & Managing Director of the Company will be the Compliance Officer for the purposes of this Code, who shall maintain a list of Senior Management Personnel to whom this Code will be applicable and shall keep the Board of Directors informed about any changes therein.

All the Board Members and Senior Management Personnel must become familiar with this Code and Conduct themselves in accordance with these policies and seek to avoid improper behaviour.

Those who violate the policies in this Code will be subject to disciplinary action, including discharge from the Company.

### **HONEST & ETHICAL CONDUCT**

All the Board Members and Senior Management Personnel shall:

- Conduct their activities, on behalf of MAL and on their personal behalf, with honesty, integrity and fairness;
- Act in good faith, responsibility, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- Act in the best interest of MAL, its various stakeholders including MAL shareholders and fulfill the fiduciary obligations;
- Not engage in conduct likely to ring discredit upon MAL; and
- Comply with every provision of this Code.

### **CONFLICT OF INTEREST**

None of the Board Members and Senior Management Personnel shall engage in any business, relationship or activity, which may be in conflict of interest of MAL or the group companies. Conflict of interest may not always be clear-cut. Any question therefore about a Board member's or senior management personnel's actual or potential conflict of interest with MAL should be brought promptly to the attention of the Chairman of the Board who will review the question and determine a proper course of action including whether consideration or action by the full board is necessary. Directors or Senior Management Personnel involved in any conflict or potential conflict situations shall exclude themselves from any discussion or decision relating thereto.

### **FAIR DEALING**

All Board Members and Senior Management Personnel should deal fairly with MAL's Customers, suppliers, competitors officers and employees. No Board Member or Senior

Management Personnel shall take unfair advantage of MAL's customers, suppliers, competitors or employees through manipulating, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Gift or entertainment in any form that is likely to result in a feeling of expectation of personal obligation should not be accepted or extended.

## **INTELLECTUAL PROPERTY**

Intellectual Property Rights (IPR) broadly covers trademarks, service marks, trade names, patents, copyrights and trade secrets.

All Board Members and Senior Management Personnel shall make their best efforts to protect all such Intellectual Properties Rights of the Company, as it is critical to the Company's overall success.

It is advisable to highlight and consult the Chairman Managing Director i.e. Compliance Officer for this Code for determining the appropriate course of action whenever there is lack of clarity and issue of any kind related to IPR.

## **CORPORATE OPPORTUNITIES**

All Board Members and Senior Management Personnel shall not exploit for their own personal gain, opportunities that are discovered through the use of MAL's property, information or position unless the opportunity is disclosed fully in writing to the board and the Board approves to pursue such opportunity.

## **CONFIDENTIAL INFORMATION**

All Board Members and Senior Management Personnel shall maintain confidentiality of information (price sensitive or otherwise) that they receive during their association with MAL.

## **INSIDER TRADING**

Insider trading is prohibited by both law as well as by the company policy and the Directors and Senior management and their 'Immediate relatives' shall be governed by the MAL code of conduct for prevention of insider trading and code of corporate disclosure practices.

## **PROTECTION OF ASSETS**

All the Board Members and Senior Management Personnel shall endeavor their best to protect MAL's assets and shall not use the same for personal benefit, unless approved by the Board.

The assets of the Company shall not be misused but shall be employed for the purpose of conducting the business for which they are duly authorized.

## **REGULATIONS**

All Board Members and Senior Management Personnel shall comply with all applicable laws, rules, regulations and guidelines, including obligations under takeover and insider trading regulations and shall report actual non-compliances, if any, of law, this code, or other MAL policies or procedures to the Board.

As a public company, it is of critical importance that MAL's filings with the Securities and Exchange Board of India, the Reserve Bank of India and/or the Stock Exchange(s) or any other authority, agency, regulatory body be full, fair, accurate, timely and understandable. All Board Members and Senior Management Personnel shall provide information necessary to ensure that MAL's published reports meet these requirements. MAL expects all Board Members and Senior Management Personnel to provide prompt and accurate answer to enquiries relating to its public disclosure requirements.

## **ACCURACY OF FINANCIAL RECORDS**

The Board members and Senior Management personnel shall satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

## **DUTIES OF THE DIRECTORS OF THE COMPANY**

The Directors of the Company shall adhere to the following duties as prescribed under the Section 166 Companies Act, 2013:

- (1) Subject to the provisions of this Act, Directors shall act in accordance with the Articles of Association of the company.
- (2) Directors 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, and the community and for the protection of environment.
- (3) Directors shall exercise their duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) Directors 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) Directors shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and any 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) Directors shall not assign their office and any assignment so made shall be void.

*(NOTE: In case of any contravention under this section by any Director is punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.)*

## **CODE OF CONDUCT FOR INDEPENDENT DIRECTORS:**

### **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

### **ROLES 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 and necessary personnel and recommend senior levels of remuneration of executive directors, senior management; key managerial

- personnel and senior management and have a prime role in appointing and where removal of executive directors, key managerial personnel and
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/she 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.

## **OTHER DIRECTORSHIPS- DISCLOSURES**

The Directors should promptly disclose their appointment/ cessation from directorship of other companies.

**GIFTS AND DONATIONS:**

The Board of Directors and Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, expensive gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favors for the conduct of its business. However, they may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events.

**COMPLIANCE WITH THE CODE**

In compliance with Clause 49 of the Listing Agreement, all the Board Members and Senior Management Personnel shall affirm compliance with this Code of Conduct in the format annexed, as amended from time to time, within 30 days from the close of every financial year. The Annual Report of the Company shall contain a declaration to this effect signed by the Chairman & Managing Director of the Company.

If a Board Member or Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication to Chairman & Managing Director confirming his compliance with this Code of Conduct till the date of his association with the Company.

**REVIEW OF THE CODE**

The adequacy of the Code and its working shall be reviewed from time to time by the Board of Directors of the Company. Such amendments / modifications shall take effect from the date stated therein.

**PLACEMENT OF THE CODE ON THE WEBSITE OF THE COMPANY**

This Code of Conduct as amended from time to time shall be posted on the website of the Company code.

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**ACKNOWLEDGEMENT FORM – CODE OF CONDUCT**

I ....., have received and read the “CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT”. I have understood the provisions and policies contained in this Code and I agree to comply with this code.

Date:

Signature:

Place:

Name:

Designation: