



INDITRADE CAPITAL LIMITED

**FAMILIARISATION PROGRAMME FOR
INDEPENDENT DIRECTORS**

ON

11TH NOVEMBER, 2014

VENUE

**Board Room, Baring Private Equity Partners India Pvt. Ltd., 9th
Floor, Infinity Towers, Tower A, DLF Phase II, Gurgaon - 122 002**

INTRODUCTION:

Independent Directors play a pivotal role in maintaining a transparent working environment in the corporate regime. The Companies Act, 1956 does not expressly provide for Independent Directors except Clause 49 of the listing agreement that is applicable on all listed companies which mandates the appointment of Independent Directors on the Board. Independent Directors constitute such category of Directors who are expected to have impartial and objective judgment for the proper functioning of the company. Section 149(4) of the Companies Act, 2013 provides for a special class of Directors called "Independent Directors".

ROLE:

1. ID's broadly fit into the overall structure of Corporate Governance and is necessary to ensure effective and balanced boards.
2. The board is the most significant instrument of corporate governance.
3. Effectiveness of the Board as the oversight body to oversee what the management does.
4. Identify the most critical issues for the board to deal with
5. Assist the board in achieving consensus on important issues
6. Play the role of a facilitator outside the board room especially on contentious issues
7. Work with the CEO to prioritise issues, set the agenda and enable it to focus on substantive issues
8. Ensure that board conversations do not veer in the direction of certain unwanted topics / individual preferences
9. Provide candid feedback to CEO, CFO post an executive session.

RESPONSIBILITIES:

1. Independent Directors shall however periodically review legal compliance reports prepared by the company as well as steps taken by the company to cure any taint. In the event of any proceedings against an ID in connection with the affairs of the company, defence shall not be permitted on the ground that the independent director was unaware of this responsibility.
2. To function to properly according to the spirit of corporate governance as a director on the board and as Member/Chairman across various committees viz. the Audit Committee, the Shareholders Grievance Committee and the Remuneration Committee of the company.
3. A director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all the companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.
4. Atleast one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.

RIGHTS:

1. Right to attend and vote in every Boad Meeting.
2. Right to be appointed on various committees.
3. Right to demand information on every business matter.
4. Right to seek clarification/justification.
5. Right to dissent.

CORPORATE OUTLOOK:-

INDITRADE CAPITAL LTD formerly known as JRG SECURITIES LTD. is one of India's leading financial services providers with strong presence in South India. It was incorporated in 1994 and over the years it acquired a name of trust through Equity and Commodity Broking businesses. In 2007, Baring India Private Equity Fund II Ltd., a leading private equity firm of international repute acquired a majority stake in the Company. With the investment of BIPEF came fresh inflow of talent and a focused team committed to taking this company to greater heights. Since then Inditrade has undergone several transformations - expanding into new geographies, adopting state-of-the-art technology, strengthening credit and risk management systems, creating new products and strengthening client relationships through service focus. The company is committed to fully compliant with all regulatory compliances with the exchanges, SEBI, IRDA, FMC and RBI. Inditrade is listed on the Bombay Stock Exchange and has a diverse set of public shareholders.

As the company transforms itself to being a professionally run, high quality brokerage house in India, the focus is on providing best-in-class services to the customers. The new management team consists of high quality professional talent from within the company and from the marketplace. The company strives to attract and retain the best talent, which is amongst the key building blocks for the company. The new growth strategy has four key building blocks - Trust, Transparency, Technology and Talent.

The Company is a member of the National Stock Exchange of India (NSE), the Bombay Stock Exchange (BSE), the National Multi Commodity Exchange of India Ltd (NMCEIL), the National Commodities Derivatives Exchange Ltd (NCDEX), the Multi Commodity Exchange of India Ltd (MCX) and the Indian Pepper and Spices Trades Association (IPSTA). Inditrade is a full-fledged depository participant of the National Securities Depository Ltd and Central Depository Services (India) Limited. Besides these, it is also a leading Insurance Broker.

In order to expand its reach, Inditrade has launched its internet trading services through www.inditrade.com. The online services will provide customers an opportunity to trade from the comfort of their home or offices and also trade while traveling. Inditrade.com will empower customers to trade and invest in equities, commodities, currencies, mutual funds and insurance.

OUR COMMITMENT:

- We are a High Quality Financial Services Provider
- We ensure a Delightful Customer Experience
- We are a Dynamic, Motivated team with Product Expertise
- We are Reliable Partners. Our dealings are Transparent
- We invest in Long-term Partnerships with Stakeholders
- We differentiate ourselves Providers of Smart Solutions

SERVICES

Equity brokerage	Commodity brokerage	Insurance	Non-banking financial services	Internet trading and phone-based services
Intermediation services relating to Equities, derivative products and others.	Intermediation services relating to a full basket of commodities, including agro products, precious metals, bullion and energy among others.	Various products in life insurance, general insurance, pension plans and health insurance segments.	Products include margin finance, loan against shares, loan against commodities, mutual fund and IPO	Cutting edge e-platform to facilitate the full basket of services including equities, derivatives, commodities and currency derivative products.

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

A handwritten signature in black ink, appearing to be 'R. K. Roy' or similar, written in a cursive style.