



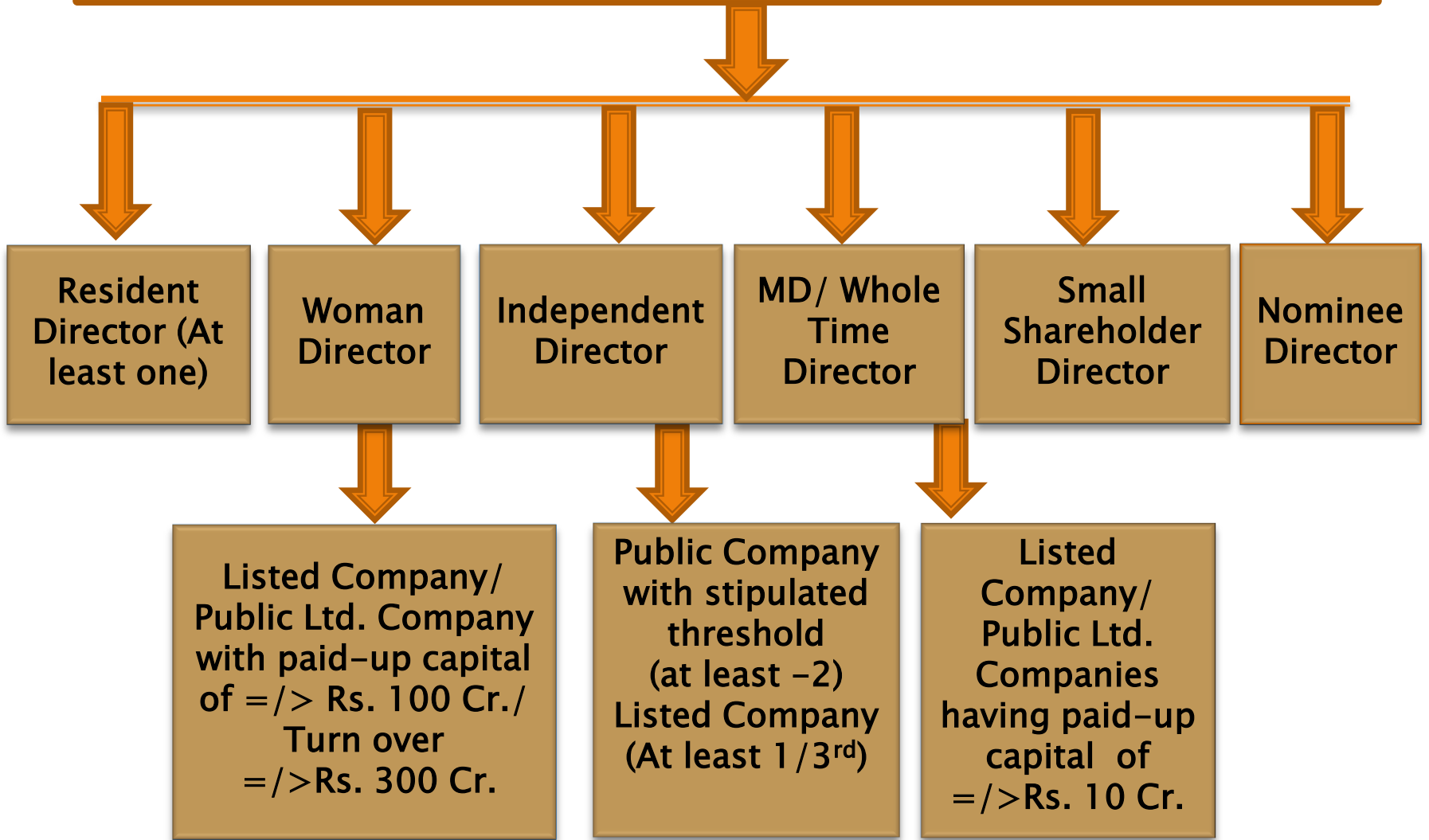
Ortel
communications
AN ISO 9001: 2000 COMPANY



Independent Director

A Panacea to Corporate Fraud

REQUIRED STRUCTURE OF THE BOARD



Mandatory ID appointment:

Every Public
Company
having

Every Listed
Company

Paid up share
capital of Rs.
10 Crore or
more

Turnover of Rs.
100 Crore or
more

Aggregate
outstanding
loan/debenture/
deposit
exceeding Rs. 50
crores

REQUIRED NUMBER OF INDEPENDENT DIRECTORS ON THE BOARD

Legal Provisions :

- ✓ If CM is Non-executive Director (NED), at least 1/3rd of the Board to be IDs.
- ✓ If CM, an Executive Director, at least half of the Board IDs.
- ✓ If the Chairman-related to Promoter group, at least half of the Board to be IDs.

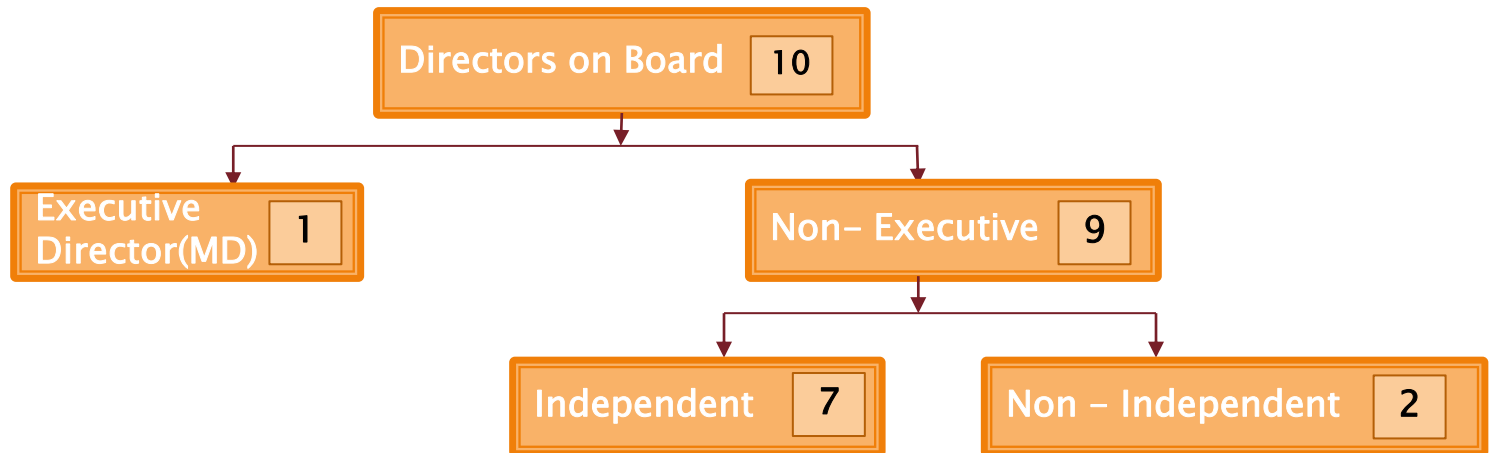
Compliance Requirement for Ortel

Chairman (NED)– Related to Promoter group



At least half of the Board to be Independent

Present Ortel Board



(More than 50% of Total Directors on Board)

INDEPENDENT DIRECTOR

- ▶ Independent director defined in Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- ▶ Independence declaration at first BM every FY.
- ▶ Independency through out and intimate if any changes.
- ▶ Few Other Statutory declarations as Director
- ▶ ID to abide by the code for IDs–Schedule–IV.
- ▶ The Code inter alia sets out (a) Role and functions of Independent Directors (b) their duties (c) manner of appointment (d) meeting of independent directors.

INDEPENDENT DIRECTOR

- ▶ As ID in not more than seven listed entities
- ▶ If ID is WTD in any listed entity, then max. 3 as ID
- ▶ Appointment to be in AGM
- ▶ **Tenure– Five** consecutive years
- ▶ No retire by rotation in between
- ▶ Reappointment for another **five years (Max 10 years at time)**
- ▶ Cooling period of 3 years for Reappointment after two consecutive tenures, No association with the company in any manner.
- ▶ Casual vacancy of ID to be filled up not later than three months or next board meeting, whichever is later

Code for I.Ds


Schedule IV to the Companies Act, 2013

- Objective:
 - Fulfilment of responsibility in professional and faithful manner to promote confidence of Stakeholders

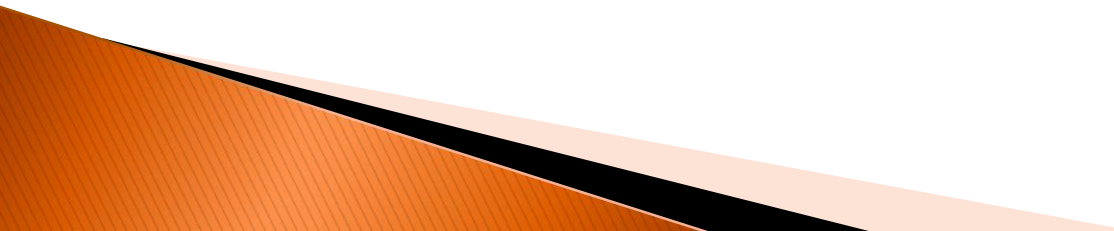
Covers:

- Professional conduct
- Role, function and Duties
- Appointment and Reappointment
- Resignation or removal
- separate meetings
- Evaluation mechanism
- Liabilities

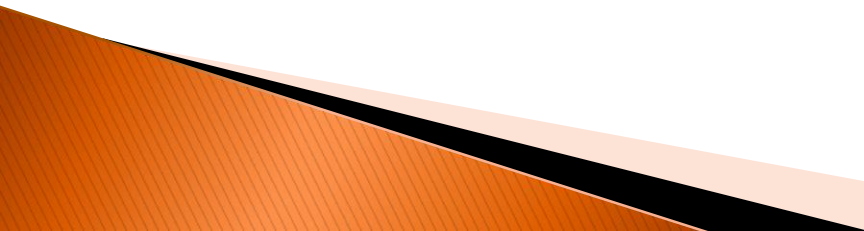
Professional conduct:

1. Maintain ethical standards of integrity and probity;
 2. Act objectively and constructively while discharging 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. Refrain from any action that would lead to loss of his independence;
 6. Assist the company in implementing the best corporate governance practices.
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ROLE AND FUNCTION:

1. Evaluation of board and management performance
 2. Ensure integrity of financial information and adequacy financial controls and Risk management system
 4. safeguard the interests of all stakeholders,
 5. Balancing conflict of interest of the stakeholders;
 6. Act in the interest of the company as a whole
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DUTIES :

1. Shall undertake to regularly update and refresh his skills, knowledge and familiarity with the company;
 2. Shall strive to attend all meetings of the Board and committees of which he is a member & participate constructively and actively, also GMs/AGM
 3. Shall keep themselves well informed about the company and the external environment in which it operates;.
 4. Not to unfairly obstruct functioning of a proper Board or Committee
 5. Act within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees
 6. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy
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Separate Meeting And Evaluation Mechanism

Separate meeting:

- ▶ To have at least one meeting in a year in absence of other Directors and management.
 - To review the performance of NEDs, Board and chairperson
 - To assess the quality, quantity and timeliness of flow of information.

Evaluation of ID Performance:

- ▶ Nomination Committee to lay down the evaluation criteria.
- ▶ Company to disclose the criteria in Annual Report
- ▶ Board to do the evaluation. (respective ID not to participate)



Liability of IDs

- ▶ An attempt in CA 2013 and SEBI (LODR) Regl to distinguish between the liability of an ID & NED from the rest of the board and provides immunity from any civil or criminal action against IDs with limited lib.
- ▶ Liability of IDs inter alia;
 - “Only in respect of such acts of omission or commission by company which had occurred with his knowledge, attributable through board processes, with his consent or connivance or where he had not acted diligently.”
- ▶ *Insured by Ortel;*
Company has taken Director’s Liability Insurance of Rs. 50 lac per Director as a coverage against any probable future Lib.

Others.....

- The company to familiarize IDs with the company, Industry, technology, their roles, rights, responsibilities in the company.

At Ortel:

- Plan to familiarize on any topic in a meeting every quarter.
 - Conference Call for general update once every quarter.
 - Sharing of new important developments as and when occurs.
- No remuneration other than sitting fee, commission on profit and reimbursement of expenses to Independent Directors.
 - IDs not entitled to stock Option.

THANK YOU