

August 21, 2020

**Dear Abhay Gupte,**  
(DIN-00389288)  
102 Mandavi Pearl city,  
End point Road, Manipal,Udupi,  
Karnataka-576 104

**Sub: Appointment as Independent Director**

We are pleased to inform you that the shareholders at the 09<sup>th</sup> Annual General Meeting held on August 21, 2020 has approved your appointment as Independent Director of the Company for a term consisting of 5 years based on the recommendations of the Nomination Remuneration and Compensation Committee and the Board of Directors ("**the Board**") of Intellect Design Arena Limited ("**the Company**") at its Meeting held on June 15, 2020. This letter sets out the terms of your appointment.

**Terms of appointment**

Pursuant to the provisions of Section 149,152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Company's (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with applicable provisions of SEBI(Listing Obligations and disclosure requirements) Regulations, 2015 you will serve as an Independent Director on the Board for a term consisting of 5 years i.e. from June 15, 2020 till the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2025.

As advised by the Board, during the tenure of office, you may be required to serve on one or more committees as established by the Company at its meeting of Board of Directors held October 15, 2014. Upon your appointment on the Committee, you will be provided with appropriate Committee Charter which sets out the functions of the Committee.

The detailed Code of Conduct of Independent Director enclosed in **Annexure A**  
The other terms and conditions of your appointment are herewith enclosed in the **Annexure B**.

It is a pleasure to have you on the Board. I am confident that your association, expertise and advise will immensely benefit the Company and the Board.

Best regards,  
for **Intellect Design Arena Limited**



**V V Naresh**  
**Company Secretary and Compliance officer**

**Intellect Design Arena Limited**

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## Annexure –A

### Code of 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;

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(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) act within their 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 there under 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 three months 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.

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**VII. Separate meetings:**

- (1) The independent directors of the company shall hold at least one meeting in a financial 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.

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## Annexure -B

### Functions, Responsibilities and duties of a director:

#### **1. Functions:**

- a) To review the Company's strategy, the annual financial plan and monitor the Company's performance:

The primary role of the members of the Board is to exercise their business judgment to act in what they believe to be the best interests of the Company and its shareholders. It is the duty of the Board to ensure that the Management performs with competence and values to achieve the objectives of the Company. Generally, the Board meets once a quarter. The quarterly meeting of the Board includes updates on the business, financial and business-enabler functions and discussions on such updates. The Board monitors the Company's performance against its annual financial plan at its quarterly meetings as well as at the end of the financial year.

- b) To advice and counsel the Management:

The Board should be composed of individuals whose knowledge, background, experience and judgement are valuable to the Company. They should also be capable of providing advice to the executive officers of the Company. Members of the Board should have full access to the Management (executive officers) and other employees as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of the Management.

#### **1.2 Responsibilities**

Independent directors have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

#### **The Board:**

- a) provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- b) sets the Company's strategic aims, ensures that the necessary financial and human resource requirements are in place for the Company to meet its objectives, and reviews management performance;
- c) sets the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.

In addition to the criteria mentioned in the previous sections for the induction of Directors, the role of Independent directors also includes tracking, reviewing and providing feedback on:

- a) Strategy: Independent directors to constructively contribute to the development of the Company strategy;

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- b) Performance: Independent directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
- c) Risk : Independent directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- d) People: Independent directors is responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. They also have a prime role in appointing, and, where necessary, removing senior management.
- e) Stakeholders: Independent Directors to balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

### **1.3 Duties**

- a) 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.
- b) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- c) 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
- d) 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.
- e) A director of a company shall not assign his office and any assignment so made shall be void.

### **2. Fees/ Remuneration/Commission:**

You will be entitled to remuneration in accordance with the criteria, as approved by the Board of Directors within the overall limits approved by the shareholders and the applicable legal provisions.

You will also be entitled to fee for attending the meetings of the Board or Committee thereof either personally or through Video Conference or other audio visual means or for any other purpose whatsoever as may be decided by the Board of Directors. The remuneration and fee payable shall be subject to applicable tax deduction at source.

In addition to the above, you will be entitled to reimbursement of expenses for participation in the Board and other meetings.

The Company normally has regular Board meetings in a year. Independent directors are expected to attend four quarterly Board meetings and the annual general meeting (AGM) in person.

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In addition to the above, Non-Executive / Independent directors would be entitled to the reimbursement of only the following items of expenditure that may be incurred in travelling to the place of the Board meetings and other committee meetings of the Company and back to their normal place of residence:

- a) Business Class (for international travel) and business class (for domestic travel) airfare from the normal place of residence to the place of the Board or committee meetings and back to their normal place of residence.
- b) Accommodation at any hotel as determined by the Company for the duration of Board and Committee meetings, and during the day prior to and after such meetings.
- c) Out-of-pocket expenses, like conveyance, food, and incidentals that are incurred during the days of the Board and committee meetings.

### **3. Term:**

Subject to applicable law, Non-executive / Independent directors are eligible to serve for a consecutive 2 terms of 5 years each in accordance with the Companies Act, 2013.

### **4. Membership of other boards**

It is expected that you will not serve on the boards of competing companies. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

Further, you are requested to comply with the maximum no. of directorship/committee Chairmanship and membership as prescribed under SEBI(Listing Obligations and disclosure Requirements) Regulations, 2015 and under Section 165 of the Companies Act, 2013.

### **5. Information on meetings**

#### **5.1 Scheduling and selection of agenda items for Board Meetings**

Dates for the Board Meeting for the ensuing year are decided in advance in the first Board Meeting held in the beginning of a calendar year. Generally, the Board Meetings are held at the Company's Registered Office at 244 Anna Salai, Chennai-600 006. The Chairman of the Board and the Company Secretary, in consultation with the Independent Directors, CEO and CFO, draft the agenda for each meeting, along with explanatory notes, and distribute it in advance to the Board Members. Every Board Member is free to suggest the inclusion of items on the agenda. Normally, the Board meets once a quarter to review the quarterly results and other items on the Agenda. The Board also meets during the annual shareholders' meeting.

Additional meetings are held based on need. Non-executive directors are expected to attend at least four Board meetings in a year.

The Board, being represented by Non-Executive / Independent directors from various parts of the globe, it may not be possible for each one of them to be physically present at all the Board meetings. The Company provides video / teleconference facilities to facilitate their participation.

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## 5.2 Availability of information to the Board

The Board has full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board invites managers of the Company when additional details into the items being discussed are required.

## 5.3 Independent Directors' discussion

The Board's policy is to have regular "Independent Directors only" meetings so that they can have a full and frank discussion on the performance of the Company, risks faced by the Company, and the performance of executive members of the Board including the chairperson.

Anyone of the Independent Directors presides over such meetings may invite the chairman, any executive director and any senior management personnel to make presentations on relevant issues.

## 6. Dealing in shares and code of conduct

Directors are prohibited from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell/gift) from the Compliance Officer of the Company. You are required to comply with the applicable insider trading laws and regulations. You are also required to comply with the Company's Code of Conduct and Ethics, enclosed with this letter of appointment.

## 7. Insurance –Relating to D& O

The Company will use its best endeavors to maintain D&O liability insurance during your tenure as an Independent director of the Company.

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