

Terms of Appointment of Independent Director

On behalf of the Company, I write to confirm your appointment as an Independent Non-executive Director of GSFC Limited, as per Part IV of Schedule IV of the Companies Act, 2013 and set out below the terms of your appointment according to the said Schedule.

1. TERM OF OFFICE

Your appointment has been approved by the Shareholders at the 58th Annual General Meeting held on 30/09/2020 for the first term of five consecutive years effective from conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting. You may note that the provisions of the Companies Act, 2013 so far as they relate to the retirement by rotation, would not apply to you.

Your appointment is subject to the provisions of Companies Act, 2013 regarding appointment, retirement, disqualification and removal etc.

Your performance as an Independent Director will be reviewed during your tenure with the Company in accordance with processes framed by the Board from time to time.

2. COMMITMENTS:

We look forward for valuable contributions in respect of the agenda for the Board and Committee meetings, which we are sure shall take GSFC to newer heights. We look forward to be the part of our Board Meetings, Committee meetings and General Meetings etc. As an Independent Director your presence is requested for as many meetings as you can and minimum in one Board Meeting in a period of twelve months.

3. CODE OF CONDUCT, FUNCTIONS AND DUTIES

You will have all the usual duties of an independent director under Companies Act, 2013 and applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including attendance at Board Meetings, the general body meeting/s, meetings of Committees, meetings of Independent Directors together with such additional duties as may be determined by the Board and which may relate to the business of the Company. You will be kindly required to serve on such committees as the Board may time to time appoint you as such.

As a Director of GSFC Limited, you will have legal duties and obligations under Companies Act, 2013. We request you to kindly have look to the relevant Directors' Duties, roles and responsibilities as set out in Schedule IV at **Flag - A**.

4. CODE OF INDEPENDENT DIRECTORS, CODE OF CONDUCT FOR DIRECTORS AND CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR EMPLOYEES, INCLUDING DIRECTORS.

We request you to kindly follow the Code for Independent Directors, Code of Conduct for Directors and Code of Conduct for Prevention of Insider Trading for Employees, including Directors and such other code/s as issued/amended under the requirements of law from time to time. These codes are placed at **Flag B**.

5. PROVISION FOR DIRECTORS AND OFFICERS (D AND O) INSURANCE.

The Company has obtained Directors' & Officers' liability Insurance Policy for you. Details of the same will be made available upon request.

6. DIRECTORS' FEES.

GSFC presently pays Rs.10,000/- towards the sitting fees for attending each meeting of the Board and the Committee, as per provisions of Section 197 of the Companies Act, 2013 and Articles of Association of the Company. It also pays Rs. 2500/- per meeting as incidental expenses for attending the Board, Committee and other meetings.

It is also submitted that the Company makes arrangements for your all travelling, hotel and other incidental expenses properly and reasonably incurred by you in performance of your duties as a Director.

Kindly find the above together with annexures in order and kindly take it on your record and file. We further submit that we shall be required to place this appointment letter on Company's website as required by the law.

SCHEDULE IV
[See Section 149(8)] Notified Date of Section: 01/04/2014
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) 1["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 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 2["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.

VII. Separate meetings:

(1) The independent directors of the (1) company shall hold at least one meeting 3["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.

4["Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause (45) of section 2 of the Companies Act, 2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Government and such requirements are complied with by the Government companies."]

CODE OF CONDUCT

Applicability of the Code

This Code of Conduct sets ethical standards for the Directors of Gujarat State Fertilizers & Chemicals Limited (the Company).

GSFC is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Directors will pursue the highest standards of ethical conduct in the interests of shareholders and all other stakeholders.

Guidelines for Conduct

- Dedicate sufficient time, energy and attention to the Company to ensure diligent performance of his/her duties, including preparing for meetings and decision-making by reviewing in advance any materials distributed and making reasonable inquiries
- Act in the best interests of, and fulfill their fiduciary obligations to, Company's shareholders.
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- Comply with all applicable laws, rules and regulations.
- Act in a manner to enhance and maintain the reputation of the Company.
- Use reasonable efforts to attend Board and Committee meetings regularly.
- Disclose potential conflicts of interest that they may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director has or may have a conflict of interest.
- Make available to and share with fellow Directors information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors.
- A Director must bring an open and independent mind to Board or Committee meetings and should not make a decision about a matter before attending and participating in the deliberations of the meeting.

- While Directors must treat each other with courtesy and observe the other rules in this Code, Directors should be able to engage in vigorous debate on matters of principle.
- Where a decision is not unanimous, a dissenting Director may disclose the fact that he/she dissented.

Disclose potential conflicts of interest that they may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director has or may have a conflict of interest.

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Principles Governing Their Conduct

Honesty and Integrity

Act honestly and with integrity in good faith and in the best interests of the Company as a whole. Use due care and diligence in performing their duties of office and in exercising their powers attached to that office.

Confidentiality of Information

Not make improper use of information nor take improper advantage of their position as a Director. Ensure the confidentiality of information they receive whilst being in office of Director.

Personal Transactions

Not allow personal interests to conflict with the interests of the Company.

Disclosure of Interests

Disclose any interests which may lead to potential or actual conflicts of interest in accordance with such policies that the Directors may adopt from time to time.

Abiding by the Law

Abide by the law at all times.

Conduct

Not engage in conduct likely to bring discredit upon the Company and be independent in judgement and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board. Recognise that their primary responsibility is to the Company's shareholders as a whole.

Duties of Independent Director as per Companies Act, 2013

The independent directors shall

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

- 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;
- 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;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 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.
- In addition to the duties mentioned here-in-above, the Independent Directors shall also perform other duties, role, functions, etc. as stated in Schedule IV of the Companies Act, 2013.

Disclosure

The members of the Board shall affirm the compliance with the code on annual basis.
