

# MIDLAND SERVICES LIMITED

CIN: L74140DL1985PLC020648

Regd. Office 6 103, Vishal Tower, District Center, Janakpuri New Delhi 6 110058

Website: [www.midlandservicesltd.com](http://www.midlandservicesltd.com), Email: [midland2014@hotmail.com](mailto:midland2014@hotmail.com).

Landline: +91-11- 41076611

To

Mr. -----

R/o -----

Date: -----

Dear Sir,

## **Re: Appointment to the Board of Directors as Independent Director**

On behalf of Midland Services Limited ("the Company"), I/We wish to inform you about your appointment as Director (Independent) by the Board of Directors of the Company, with effect from ----- (date).

Subject to the detailed terms of this letter, you shall be appointed as an Independent Director by the shareholders of the Company in the General Meeting pursuant to the provisions of Companies Act, 2013 and clause 49 of the Listing Agreement. You will act as a Chairman or Member of the Committees as determined by the Board. This letter of appointment is issued to formalize your appointment as Independent Director with effect from the date of appointment in general meeting and in compliance with Schedule IV of the Act, and Clause 49 of the Listing Agreement for a term of 5 years.

## **Terms of Appointment of Independent Director**

### **Appointment**

1. Your appointment is subject to confirmation of shareholders in the General Meeting and on your consent to act as an Independent Director of the Company Midland Services Limited, under Companies Act, 2013.
2. In compliance with the provisions of Section 149(13) of the Companies Act, 2013, your directorship is not subject to retirement by rotation.
3. Your appointment is subject to the provisions of Companies Act, 2013 regarding appointment, fees, expenses, retirement, disqualification and removal of directors.
4. At any time that you resign by written notice. It is desirable that you give the company reasonable forewarning of your intention to resign or to not seek re appointment where that is possible so that the company can plan for succession of skills and experience on the Board, and you may be required to vacate office for any reason pursuant to any of the provisions of the Companies Act, 2013.

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5. Your performance as an Independent Director will be reviewed during your tenure with the company in accordance with processes agreed by the Board from time to time. You agree to participate in such reviews.

## **Time Commitment**

You will be expected to devote such time as is necessary for the proper performance of your duties and as an independent director you will be involved in a number of board and committee meetings each year. You should strive to attend all the scheduled quarterly board meetings, General Meetings and other meetings or attendance as necessary.

As an Independent director you should strive to hold and present in at least one meeting in a year without the presence of non-independent directors and members of management with the sole objective of:

- (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.

By accepting this appointment, you have to confirm that you are able to allocate sufficient time to meet the expectations of your role.

## **Role and Duties**

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and non-executive, which are fiduciary in nature and are as under:

- I. You shall act in accordance with the Company's Article of Association as may be amended from time to time.
- II. You shall act in good faith in order to promote the objects of the Company for the benefits of its members as a whole, and in the best interest of the company.
- III. You shall discharge your duties with due and reasonable care, skill and diligence.

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- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as director and any assignments so made shall be void.

In addition to the above requirements the Board of Directors also expect to perform the following functions:

- I. You should constructively challenge and help develop proposals on strategy for growth of the Company.
- II. You should evaluate the performance of management in the meeting agreed goals and objectives.
- III. You should satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
- IV. You are responsible for determining appropriate levels of remuneration of executive directors.
- V. You will take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
- VI. You should keep governance and compliance with applicable legislation and regulations under review and conformity of Company's practices to accepted norms.

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## **Remuneration**

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You may be paid such remuneration be way of sitting fees for meetings of the Board and its Committees as may decide by the Board.

The sitting fees will be paid on mutually agreed by the Board and you.

You will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the company.

## **Expenses**

In addition to the compensation described in above, the company will reimburse the official travel expenses, hotel expenses, and all other reasonable out of pocket expenses borne by the Independent Director for participating in Board and other committee meetings.

## **Independent Professional Advice**

There may be occasions when you consider that you need professional advice in furtherance of your duties as a director and it will be appropriate for you to consult independent advisers at the Company's expenses. The company will re-imbursed full cost of expenditure incurred in accordance with the Company's policy.

## **Conflict of Interest**

It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.

In the event that your 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 you are independent, this should be disclosed to both the Chairman and the Company Secretary.

## **Disclosure of Interest**

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Any material interest that a director may have in any transaction or arrangement that the company has entered into should be disclosed no later than when the transaction or arrangement comes up at a Board Meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contract with a particular person, form or company acceptable.

During your tenure as an independent director you are required to give a declaration that you meet the criteria of independent every financial year as provided under Section 149 of the Companies Act, 2013. Format of Disclosure is enclosed in **Annexure-I**.

## **Code of Conduct**

During the period of appointment, you are required to comply with regulations as contained in Schedule IV under Companies Act, 2013 and the Securities and exchange Board of India Act, 1992. **Annexure-II**

## **Confidentiality and Non- Disclosure**

- You must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of appointment or at any time after its termination) any confidential information concerning the company with which he comes into contact by virtue of his position as an independent director of the Company.
- Any information concerning the company's business, its customers, suppliers etc., which is not in public domain and to which all employees do not have access, should be considered confidential for the purpose and should be held in confidence, unless authorized to do so and when disclosure is required as a requirement of Law.
- The attention is drawn to the requirements under Indian regulations as to the disclosure of price sensitive information. You shall not provide any information either formally or informally, to the press or any other publicity media without prior written clearance from the Company.
- The Examples of confidential information are, but not limited to the following:
  - Business Plan, annual operations plan.

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- Technical information about software and computer systems.
  - Performance against target.
  - Costing, pricing, financial budget and related issues
  - Fees, stipend, evaluations recommendations etc. Related to any employees of the company.
  - Sales commission third party commission and about reference agents.
  - Details of past, present and future contracts and proposals.
  - Informations about suppliers and/or customers.
  - Communication facilities and equipment.
  - Proposed ventures and corporate plans.
  - Technical marketing and financial strategies of the company and/or its customers.
  - Any other information which is likely to be crucial for the business operations.
- On termination of the appointment, you will deliver to the company all books, documents, papers, and other property of or relating to business of the company which are in their possession, custody or power by virtue of their position as an Independent Director of the Company.

## **Liability**

As an Independent Director, you will be liable only in respect of such acts of omission or commission by the company which has occurred with your knowledge,

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attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

## **Review Process**

The performance of the individual directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the chief executive officer or the senior independent director as soon as you can.

## **Applicable Law**

This letter of appointment shall be governed by the laws of India.

Kindly, confirm your agreement to the terms set out above by signing the endorsement on the enclosed copy of this. Please return the signed copy to me. In returning this letter duly signed, you agree that the company may make this letter publicly available.

Yours Sincerely

**For Midland Services Limited**

-----  
(Director)  
DIN: -----

***I have read and agree to the above terms and conditions regarding my appointment as an independent non-executive Director***

Signature: -----  
Name : -----  
DIN : -----  
Date : -----  
Place : -----

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## Annexure-I

### Declaration by Independent Director

I, -----, holding DIN ----- with respect to the position of Independent Director of Midland Services Limited, hereby confirms that:-

- a. I do not hold designation of Managing Director or a Whole-Time Director or Nominee Director in the Company or its holding, subsidiary or associate company;
- b. I possess relevant expertise and experience as required for the designation;
- c. I possess appropriate skills, experience and acknowledge in one more fields of finance, law, management, administration, research and corporate governance related to the company's business;
- d. I am not the nominee of any financial institution or of the Government or any of the person, to represent their interest on the Board;
- e. I am or was not promoter of the company to its holding, subsidiary or associate company and also not related to the promoters or directors in the Company, its holding, subsidiary or associate company;
- f. I do not have or have had any pecuniary relationship with the company, its holding, subsidiary or associate company, to their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- g. None of my relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income of fifty lakh rupees, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- h. Neither I nor any of my relative hold or has held the position of key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
- i. Neither I nor any of my relatives is or has been an employee or proprietor or a partner in any of three financial years immediately preceding the current financial year:
  - i. In a firm of Auditors or Company Secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company
  - ii. In any legal or consulting firm that has or had any transaction with the company, its holding company, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm.



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- j. I or any of my relative do not hold together with my relatives 2% or more of the total voting power of the company;
- k. I or any of my relative is not a material supplier, service provider or customer or a lessor or lessee of the company.
- l. Neither I nor any of my relatives is a Chief Executive Officer (CEO) by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of that voting power of the company.
- m. I am not disqualified to act as an Independent Director under any provision of Companies Act, 2013 and rule made thereunder, or any other Law for the time being in force in India or under the Listing Agreement of the Stock Exchange.

***I further confirm that:-***

I do not hold the position of Independent Director in more than seven listed companies;

- a. I am not holding the position of Whole-Time Director in any listed company and serving as an independent Director not more than in seven listed companies as the same time;
- b. I am not the member in more than ten committees of Audit Committee and the Stakeholders Relationship Committee across all public limited companies where I am acting as director.
- c. I am not chairman in more than five Audit Committee and Stakeholders Relationship committee across all public limited companies where i am acting as director.
- d. Further the details of Chairmanship/Membership in various committees of all public limited companies is as follows:-

S.No.	Name of Company	Name of Committees	Chairman/Member
1.	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

**Signature:** -----

**Date:** -----

**Name:** -----

**Place:** -----

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## Annexure-II

### Code for Independent Directors

This is to inform you that in terms of Section 149 (7) of the Companies Act, 2013 and clauses 49 (II)(E)(3) of the Listing Agreement and SEBI Guidelines by the Company, it is mandatory for all Independent Directors to adhere with the Code of Conduct of the Company.

The said Code has been prescribed under Schedule IV of the Companies Act, 2013 and the same is reproduced herein below for your persual and ready reference:-

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.

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## 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;

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- (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;

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- (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;

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(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.