

# DHANALAXMI ROTO SPINNERS LIMITED

## TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR

### **APPOINTMENT:**

1. Appointment of a person as a Non-Executive Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
2. In compliance with provisions of section 149(13) of the Companies Act, 2013, directorship is not subject to retirement by rotation.
3. Notwithstanding other provisions of this letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
4. Upon termination or upon resignation for any reason, duly intimated to the Company, Independent Director will not be entitled to any compensation for loss of office.

### **TIME COMMITMENT:**

5. As a Non-Executive Independent Director Independent Director is expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance.

The Board generally meets four times in a year. The Audit Committee generally meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholder Relationship Committee, etc. meetings of which are ordinarily convened as per requirements.

Independent Director will be expected to attend Board and Board Committees to which he/she may be appointed and Shareholders meetings and to devote such time to the duties, as appropriate for he/she to discharge his/her duties effectively. Ordinarily, all meetings are held in Mahbubnagar District West Godavari, Telangana

6. By accepting this appointment Independent Director confirms that he/she is able to allocate sufficient time to meet the expectations from his/her role to the satisfaction of the Board.

## **ROLE AND DUTIES:**

7. *Independent Directors role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:*

- I. shall act in accordance with the Company's Articles of Association as may be amended from time to time.*
- II. 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 interest of the Company.*
- III. Shall discharge their duties with due and reasonable care skill and diligence.*
- IV. 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. shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.*
- VI. shall not assign their office as Director and any assignments so made shall be void.*

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

- I. To constructively challenge and help develop proposals on strategy for growth of the Company.*
- II. To evaluate the performance of management in meeting agreed goals and objectives.*
- III. To satisfy on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.*
- IV. Will take responsibility for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning.*
- V. Will take responsibility for the processes of accurately reporting on performance and the financial position of the Company.*
- VI. To keep governance and compliance with the applicable legislation and regulations under review and the conformity of Company's practice to accepted norms.*

**STATUS OF APPOINTMENT:**

8. *An Independent Director will not be an employee of the Company and this letter shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board. Further they will also be paid remuneration by way of commission as may be approved by the Board and the Share holders from time to time.*
9. *An Independent Director 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 or any Group Company.*

**REIMBURSEMENT OF EXPENSES**

10. *The Company will, for the period of appointment reimburse or travel, hotel and o their incidental expenses incurred by independent directors for the performance of their role and duties.*

**INDEPENDENT PROFESSIONAL ADVICE**

11. *There may be occasions when independent directors consider that they need professional advice in furtherance of duties as a Director and it will be appropriate to consult independent advisers at the Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's policy.*

**CONFLICT OF INTEREST**

12. *It is accepted and acknowledged that independent directors may have business interests other than those of the Company. As a condition for appointment, they are required to declare any such directorships, appointments and interests of the Board in writing in the prescribed format at the time of appointment.*

## **EVALUATION**

13. *The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. The appointment and reappointment on the Board shall be subject to the outcome of the early evaluation process.*

## **DISCLOSURE OF INTEREST**

14. *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 the interest appropriately and records are updated.*

## **CODE OF CONDUCT**

15. *During the appointment Independent Directors are required to comply with regulations as contained in Schedule IV under Companies Act, 2013, including the Code of Conduct.*

## **CONFIDENTIALITY**

16. *All information acquired during the appointment is confidential to the Company and should not be released, either during the appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, they shall surrender any documents and other materials made available to them by the Company.*
17. *Also attention is drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently they should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.*

## **MEMBERSHIPOFCOMMITTEES**

18. *The Board of Directors may appoint you as Member / Chairman of one or more of its Committees which will be covered in a separate communication setting out there relevant committee's terms of reference and any specific responsibilities.*

## **TERMINATION**

19. *Independent Director may resign from his/her position at any time and if wish to do so, they are requested to serve a reasonable written notice on the Board. In terms of provisions of the Companies Act, 2013, they are required to file a copy of your resignation letter with the Registrar of Companies, Telangana*
20. *Continuation of their appointment is contingent on getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013, and SEBI (LODR)Regulations, 2015 and the Articles of Association of the Company, from time to time in force.*
21. *Appointment of independent directors may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.*