

# **UDAIPUR COTTON MILLS CO. LIMITED**

## **TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR**

### **1. Appointment**

The term of appointment of Non-Executive Independent Director is for a term of five years and is subject to approval of the Shareholders as per the provisions of the Companies Act, 2013. An Independent Director will not be liable to retire by rotation. The term Independent Director should be construed as defined under the Companies Act, 2013. The appointment and tenure of Independent Director shall be consistent with the applicable provisions of the Companies Act, 2013.

### **2. Committees**

The Board of Directors (the Board) may, if it deems fit, invite the Independent Director for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. The appointment of Independent Director on such Committee(s) will be subject to the applicable laws and regulations.

### **3. Role and Duties**

As a member of the board, the role, duties and responsibilities of the Independent Director will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013.

In terms of Section 166 of the Companies Act, 2013, the Independent Director shall

- I. act in accordance with the Company's Articles of Association.
- II. 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, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- III. exercise your duties with due and reasonable care, skill and diligence.
- IV. not involve him/herself in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. not achieve or attempt to achieve any undue gain or advantage either to him/herself or to his/her relatives, partners or associates.
- VI. not assign your office as Director and any assignments so made shall be void.

The Independent Director shall also abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013, and duties of directors as provided in the said Act.

### **4. Remuneration, etc.**

Fees/Commission:

The Independent Director 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 and/or approved by the Shareholders from time to time.

The sitting fees presently paid to the Non-Executive Independent Director is Rs.5,000/- per meeting of the Board of Directors.

Further, the Independent Director will also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

Reimbursement of Expenses:

In addition to the remuneration described, hereinabove, the Company will, for the period of appointment of the Independent Director, reimburse you for travel, hotel and other incidental expenses incurred by him/her in the performance of his/her role and duties.

#### **5. Code of Conduct & other compliances**

During the appointment, the Independent Director will comply with any relevant regulations as may be issued by the Government of India and such other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors, Code of Conduct and Ethics for Directors and Senior Executives and Insider Trading Code and such other requirements as the Board of Directors may from time to time specify. At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an independent director, you shall give a declaration to that effect confirming that you meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

#### **6. Conflict of Interest**

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

In the event that the Independent Director's 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 he/she is independent, this should be disclosed to both the Chairman and the Secretary.

#### **7. Confidentiality**

All information acquired during the tenure of appointment of the Independent Director is confidential to the company and should not be released, either during his/her 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, the Independent Director shall surrender any documents and other materials made available to him/her by the Company.

## **8. Evaluation**

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors. The appointment and re appointment of the Independent Director on the Board shall be subject to the outcome of the evaluation process.

## **9. Disclosure of Interest**

The Independent Director shall disclose material interest that in any transaction or arrangement that the Company has entered into. Such interest 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 contracts with a particular person, firm or company is acceptable.

## **10. Termination**

a. The Independent Director may resign from his/her position at any time and should he/she wish to do so, the Independent Director is requested to serve a reasonable written notice on the Board.

b. Continuation of the Independent Director's appointment is contingent on getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. The Independent Director will not be entitled to compensation if the shareholders do not re-elect you at any time.

c. The Independent Director appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

## **11. Governing Law**

This letter of appointment is governed by and will be interpreted in accordance with Indian law and the Independent Director's engagement shall be subject to the jurisdiction of the Indian courts. This letter constitutes neither a contract for services nor a service contract.