

**BIRLA COTSYN (INDIA) LIMITED**  
**TERMS AND CONDITIONS OF  
APPOINTMENT OF INDEPENDENT  
DIRECTORS**

### **TERMS AND CONDITIONS OF APPOINTMENT OF THE INDEPENDENT DIRECTORS**

The following are the terms and conditions as per the provisions of the Companies Act, 2013 (the Act) and the Rules framed thereunder, for appointment of Independent Directors:

#### **Terms of Appointment:**

The Appointment of an Independent Director in the Company is pursuant to the applicable provisions of Companies Act, 2013 ("Act") and other applicable provisions on the Company.

The term of appointment of an Independent Director (ID) is for a period of 5 consecutive years from the date of his/ her appointment. Independent Director is not liable to retire by rotation.

Appointment of every Independent Director is as recommended by the Nomination & Remuneration Committee to the Board and shall be approved by the Members of the Company.

Independent Directors shall be eligible for re-appointment for another term of 5 consecutive years, after the completion of their tenure of first 5 years, subject to Board approval, and passing of a Special Resolution by Members. An Independent Director shall serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non-Executive Independent Director earlier subject to compliance of relevant provisions of the Act.

#### **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:
  - (i) the term of appointment.
  - (ii) 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.
  - (iii) the fiduciary duties that come with such an appointment along with accompanying liabilities.
  - (iv) the Code of Business Ethics that the company expects its directors and employees to follow.

- (v) the list of actions that a director should not do while functioning as such in the company; and
  - (vi) 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.

#### **TERMINATION:**

Independent Directors may resign from their position at any time and if they wish to do so, they are requested to serve a reasonable written notice on the Board. Continuation of their appointment is contingent on getting re-elected by the Members in accordance with provisions of the Act, the Rules framed thereunder and the Articles of Association of the Company. They will not be entitled to any compensation if the Members do not re-elect them at any time.

#### **ROLE AND FUNCTION:**

The roles and duties would be in accordance with the Act, Articles of Association of the Company, and other applicable laws.

An Independent Directors Shall:

- (i) 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;
- (ii) bring an objective view in the evaluation of the performance of the Board and the Management;
- (iii) scrutinize the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;
- (iv) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (v) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (vi) balance the conflicting interest of the stakeholders;
- (vii) 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;
- (viii) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between Management and shareholder's interest.

**DUTIES:**

An Independent Directors Shall:

- (i) undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (ii) seek appropriate clarifications and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- (iii) strive to attend every meeting of the Board and of the Board committees of which you are a member;
- (iv) actively and constructively participate in the Board and Committees of the Board in which you may be a member or the Chairperson;
- (v) strive to attend the general meetings of the Company;
- (vi) ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- (vii) keep yourself well informed about the Company and the external environment in which it operates;
- (viii) not unfairly obstruct the functioning of an otherwise proper Board or committee;
- (ix) ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- (x) ensure that the whistleblower function of the Company is functioning adequately;
- (xi) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- (xii) within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (xiii) not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

**COMMITTEES:**

The Board of Directors of the Company, may from time to time, appoint ID as a member of any committee.

**SEPARATE MEETINGS:**

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. All the independent directors of the company shall strive to be present at such meeting.

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 director.
- (c) Asses 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.

**REMUNERATION:**

In accordance with the provisions of the Act, you will be paid remuneration by way of sitting fees/commission for attending the meetings of the Board and the Committees thereof.

**PERFORMANCE EVALUATION:**

The performance evaluation of independent directors shall be done on yearly basis.

**CONFLICT OF INTEREST**

As per the requirements of the Act, you are required to disclose your other directorships, appointments and interests to the Board.

In the event, there is a conflict of interest which is likely to change your status as an Independent Director, then the same be informed immediately to the Managing Director & the Company Secretary.

**CODES/POLICIES:**

You are requested to comply with the Regulations and the Policies of the Company as applicable to the Directors.

**CONFIDENTIALITY:**

All information acquired during your tenure is confidential to Birla Cotsyn (India) Limited and should not be released at any point of time, either during your tenure or thereafter (by whatever means) without prior clearance from the Managing Director unless required by law. The Company may request, you to return all documents and other material available to you by Birla Cotsyn (India) Limited.

