

## CHOKHANI INTERNATIONAL LIMITED

### TERMS AND CONDITION OF APPOINTMENT FOR INDEPENDENT DIRECTORS

#### **TERM OF APPOINTMENT:**

1. The appointment as an Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013.
2. In compliance with provisions of section 149(13) of the Companies Act, 2013, the 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. The Independent Director will be 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. The Independent Director will be expected to attend Board and Board Committees to which Independent Director may be appointed and Shareholders meetings and to devote such time to Independent Director's duties, as appropriate for Independent Director to discharge Independent Director duties effectively. Ordinarily, all meetings are held in New Delhi.
6. By accepting this appointment, he/she confirm that he/she is able to allocate sufficient time to meet the expectations of Independent Director role to the satisfaction of the Board.

#### **ROLE AND DUTIES:**

7. Independent Director 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. Independent Director shall act in accordance with the Company's Articles of Association as may be amended from time to time.
- II. Independent Director 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. Independent Director shall discharge all duties with due and reasonable care, skill and diligence.
- IV. Independent Director shall not involve himself/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. Independent Director shall not achieve or attempt to achieve any undue gain or advantage either to himself/ herself or to his/her relatives, partners or associates.
- VI. Independent Director shall not assign his/her 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. Independent Director should constructively challenge and help develop proposals on strategy for growth of the Company.
- II. Independent Director should evaluate the performance of management in meeting agreed goals and objectives.
- III. Independent Director should satisfy himself/ herself on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
- IV. Independent Director are responsible 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. Independent Director will take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
- VI. Independent Director should keep governance and compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.

#### **STATUS OF APPOINTMENT:**

8. Independent Director will not be an employee of the Company and this letter shall not constitute a contract of employment. 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.
9. The sitting fees presently paid to the Non-Executive Independent Director is within the limits as defined in Companies Act, 2013 along with the rules thereon.
10. 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**

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

## **INDEPENDENT PROFESSIONAL ADVICE**

12. There may be occasions when Independent Director consider that he/ she need professional advice in furtherance of his/ her duties as a Director and it will be appropriate for him/ her 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**

13. It is accepted and acknowledged that Independent Director may have business interests other than those of the Company. As a condition to your appointment, Independent Director 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.
14. In the event that 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 Company Secretary.

## **EVALUATION**

15. 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. Independent Director appointment and reappointment on the Board shall be subject to the outcome of the yearly evaluation process.

## **DISCLOSURE OF INTEREST**

16. 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 Independent Director's interest appropriately and the records are updated. A general notice that he /she is interested in any contract with a particular person, firm or company is acceptable.

## **CODE OF CONDUCT**

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

## **CONFIDENTIALITY**

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

## **PUBLICATION OF THE LETTER OF APPOINTMENT**

20. In line with provision of Clause IV sub clause 6 of Schedule IV, under Companies Act, 2013, the Company will make public the terms and conditions of Independent Director appointment and will also arrange for it to be displayed on the Company's website.

## **MEMBERSHIP OF COMMITTEES**

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

## **TERMINATION**

22. Independent Director may resign from his/ her position at any time and should he/ she wish to do so, Independent Director are requested to serve a reasonable written notice on the Board. In terms of provisions of the Companies Act, 2013, Independent Director are required to file a copy of his/ her resignation letter with the Registrar of Companies, New Delhi and to the Company.
23. Continuation of his/ her 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. Independent Director will not be entitled to compensation if the shareholders do not re-elect you at any time.
24. 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.