

**SURYALAKSHMI COTTON MILLS LIMITED**

**To**

**Date:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Dear Mr./Mrs.**

**Sub: Proposal to appoint you as a Non-Executive Independent Director on the Board of Suryalakshmi Cotton Mills Limited**

In continuation of the discussions we had with your good self on \_\_\_\_\_, it is decided to consider your candidature and recommend to the Board of Suryalakshmi Cotton Mills Limited for appointment as Non-Executive Independent Director subject to the following terms and conditions of appointment as Non-executive Independent Director:

**1. Appointment**

- A. The appointment is for a term of \_\_\_\_\_ years commencing from the date of appointment and shall not be liable to retirement by rotation. Unless the appointment is renewed on or prior to the Termination Date, the appointment shall come to an end on the Termination Date. The appointment is as per the Companies Act, 2013.
- B. Your appointment is also subject to the maximum permissible directorships that one can hold as per the provisions of the Act and the Listing Regulations.
- As per the Companies Act, 2013 (the “Act”) a person shall not hold office of director (including any alternate directorship) in more than 20 companies and out of these, public companies (including private companies that are either holding or subsidiary of a public company) shall not be more than 10. For more details kindly refer to section 165 of the Act.
- As per SEBI (LODR) Regulations, 2015 (the “Listing Regulations”) a person shall not serve as an independent director in more than 7 listed companies. Further, any person who is serving as a whole-time director in any listed company shall not serve as an independent director in more than 3 listed companies. For this para, only those listed entities whose equity shares are listed on Stock Exchanges shall be considered.
- C. You shall ensure that in case any situation arises as to which you may lose your independence, you will immediately inform the Board of Directors accordingly.

- D. The Company may disengage your office as Independent Director pursuant to compliance of relevant provisions of the Act and Listing Regulations or any other applicable laws.
- E. Your appointment as such is not as an employee of the Company and hence this letter shall not be construed as an employment contract.
- F. Kindly refer to section 164 and 167 of the Act for provisions regarding disqualifications for appointment/ continue to remain a director.

## **2. Appointment on Committees of Board of Directors**

You, while being a member of Board of Directors, may be invited/ nominated for appointment on various committees of the Board of Directors, as set up from time to time. Currently, following are the Committees of Board of Directors:

- I. Audit Committee
- II. Nomination and Remuneration Committee
- III. Stakeholders Relationship Committee
- IV. Corporate Social Responsibility Committee.

## **3. Role and Duties**

Primarily your role and duties shall be those as normally required from a non-executive independent director under the Act and the Listing Regulations. Your role as an independent director shall include, *inter alia*, to bring objectivity and provide a balance to the functioning of the Board by providing independent judgment on various issues raised in the board meetings. Broadly some of the functions are as under:

- To formulate and review the Company's business strategy
- To monitor Company's performance
- To review and approve Company's financial statements
- To advise and counsel on risk management
- To suggest and to ensure high level of corporate governance by the Company
- To ensure compliance with regulatory requirements
- To protect and enhance the brand of the Company.

Apart from the above, you are expected to perform the roles and duties as prescribed under the Act, particularly Schedule IV (code for Independent Directors) and section 166 of the Act, attached as Annexure A and also responsibilities of the Board as mentioned in the Listing Regulations.

#### **4. Meetings**

The Board of Directors of the Company ('Board') meets at regular intervals which is finalized in advance in consultation with all the Directors. A minimum of 4 Board meetings are held each year. The Audit Committee meets at least 4 times a year and the other Board Committees meet at appropriate intervals. The Independent Directors should also meet once in a year.

You will be expected to attend meetings of the Board in addition to the Shareholders meetings (Annual General Meeting/Extraordinary General Meeting) and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

#### **5. Time Commitment**

By accepting this appointment, Independent Director confirm that he is able to allocate sufficient time for the proper performance of their role, duties and responsibilities to meet the expectations to the satisfaction of the Board.

#### **6. Liabilities**

You as an Independent Director shall be held liable, in respect of such acts of omission or commission by Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

#### **7. Remuneration**

You will be entitled for sitting fee for attending the meetings of board or committees of board (of which you are a member) as may be decided by the Board. Sitting fee presently paid to an independent director is Rs. \_\_\_\_/- (Rupees \_\_\_\_\_ only) per meeting of the Board and Rs. \_\_\_\_/- (Rupees \_\_\_\_\_ only) per meeting for other Committees of the Board.

Expenses: The Company will reimburse or bear all reasonable and properly documented expenses incurred in performing your role as an independent director.

#### **8. Induction**

You shall be eligible for an induction so as to familiarize you with the Company and its business etc.

## **9. Disclosure of Interest and disclosure of related parties**

You are expected to disclose your concern or interest in any company or companies or body corporate, firms, or other association of individuals, including shareholding, as required by the provisions of section 184 of the Act.

You are also expected to disclose your related parties as per section 2(76) of the Act.

## **10. Confidentiality of information**

Any information acquired during your term as director of the Company is confidential and should not be released, during your term and following termination for a period of three years since termination, to any third parties without prior written consent from the Chairman unless required by law or by any regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you whilst holding the directorship.

For any breach of any of the terms contained herein that would cause the Company to suffer loss, which could or could not adequately be compensated for by payment of damages, the Company may, without giving proof of actual or special loss, apply to a court of competent jurisdiction for any remedy or relief as the Company may deem fit, including but not limited to enforcing the performance of terms of this appointment, by interim interdict or specific performance; and notwithstanding that in any particular case where damages may be quantifiable, the Director shall not plead sufficiency of damages as a defense in the proceeding for such interim relief.

For the purposes of this clause, "confidential information" shall mean all material, non-public, business related information, written or oral, whether or not marked confidential, to which the Director may have access during the course of his association with the company including but not limited to the information with respect to the business, clients, business policies and procedures, market strategies, investment strategies and policies of the Company and any other information developed or obtained by the Director during the course of his association with the Company including designs, concepts, systems, computer programmes, financial information, know how, processes, technology, customer lists and other customer and employee related information which would reasonable be considered as exclusive and confidential.

## **11. Restrictions**

During the term of your appointment, you are expected not to serve or join the competing companies (whether in India or abroad) as Director, advisor, consultant, or any such positions.

## **12. Evaluation**

The Company will carry out an evaluation of the performance of the Board as whole, board committees and individual directors on an annual basis. Your evaluation as an independent director shall include your performance, fulfillment of independence criteria as specified in the

Act and the Listing Regulations, and your independence from management. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of your appointment as Non-executive Independent Director.

### **13. Termination**

- A. You may resign from your position of non-executive independent director at any time by giving a reasonable written notice to the Board of Directors.
- B. Continuation of your appointment shall be governed by the provisions of the Act, Listing Regulations, Articles of Association of the Company, the Code of Ethics and Conduct of Company and any other policy of Company or any other applicable law, as in force from time to time.

### **14. Publication**

In line with the provisions of Schedule IV of the Act, the letter of appointment will be open for inspection by any member of the Company and the Company will also put the terms and conditions of the appointment on the Company's Website.

### **15. Governing Law**

The appointment and the terms hereinabove shall be governed by the laws of India.

In view of the above and subject to your acceptance to the above mentioned terms and conditions, we request you to kindly arrange the following documents enabling us to place the same before the Board for your appointment as Non-Executive Independent Director:

1. Form MBP -1
2. Form DIR -8
3. Declaration by Independent Director
4. Consent Letter (Form DIR -2).
5. Declaration under Reg 17A of SEBI LODR Reg, 2015.

Thanking You.

**For Suryalakshmi Cotton Mills Limited**

**Authorised Signatory**

*This is a Model Letter of Appointment and is subject to Amendment/ Modification*