

EXXARO TILES LIMITED



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

**(Approved by the Board of Directors of the Company at its meeting held on
05th January 2021)**

**Exxaro Tiles Limited
Regd. Office: Survey No: 169 &
170, Vavdi Harsol Road, Mahelav,
Talod, Sabarkantha-383305,
Gujarat.**



EXXARO TILES LIMITED

Preface

In accordance with the provisions of the Companies Act, 2013 ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification or re-enactment thereof) and Articles of Association, the Board of Directors of the **Exxaro Tiles Limited (the Company)** has approved the following terms and conditions for appointment of Independent Directors in the Company.

Term of Office

The appointment of Independent Director is subject to the provisions of Companies Act, 2013 and SEBI LODR Regulations regarding appointment, fees, expenses, retirement, disqualification and removal of director. Independent Director may cease to hold office as a Director. Independent Director shall not be liable to retire by rotation as per the relevant provisions of the Companies Act, 2013.

At any time that Independent Director resign by written notice, it is desirable that Independent Director give the Chairman reasonable forewarning of his/her intention to resign or to not seek re-appointment where that is possible so that the company can plan for succession of skills and experience on the Board; and Independent Director may be required to vacate office for any reason pursuant to any of the provisions of the Companies Act, 2013; or

Independent Director may be removed as a director or otherwise required to vacate office under any applicable law and under the Article of Association of the Company.

Performance of Independent Directors will be reviewed during their tenure with the Company in accordance with processes agreed by the Board from time to time. Independent Director shall agree to participate in such reviews.

Commitments

A) Independent Director

Independent Director shall be expected to devote such time as is necessary for the proper performance of their duties and as an independent Director, they will be involved in a number of board and committee meetings each year. Independent Director should strive to attend all the scheduled board meetings, General Meetings; Committees board Meetings and other meetings or attendance as necessary.

As an independent director, they should strive to hold and present in at least one meeting in a year without the presence of non-independent directors and members of management with the sole objective of:

- 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 directors,
- c) Assess 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.

By accepting the appointment, Independent Directors have confirmed that they are able to allocate sufficient time to meet the expectations of their role.

B) The Company

- a) The Company shall provide the Independent Director with adequate notice of the dates of proposed board meeting, general meetings, and meetings of board committees. As per the provision of the Companies Act, 2013 and SEBI LODR Regulations, the Company is expected to give an advance notice of minimum 7 days of every board and committee meetings to Independent Director. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director. The notice of the Board/Committee meetings will be provided along with the agenda of the Board/Committee meetings.
- b) Company shall inform the directors about any upcoming events in the company.
- c) Company shall ensure that director is updated about latest happening in the industry and in the field of law applicable on the company by allowing them to visit the seminars held in these respect
- d) It shall be the responsibility of the Company to provide the independent director with all the information and documents they validly require to fulfill their functions.
- e) The company shall ensure that the independent directors are aware of their statutory obligations.

Code of Conduct, Functions and Duties

Independent Director will be expected to perform their duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of their role and their knowledge, skills and experience. Independent Director will have all the usual duties of an independent director under Company law including attendance at board meetings, the annual general meeting, meetings of independent directors, meetings with investors and shareholders and other Board events together with such additional duties as may be agreed with the Board, and which may relate to the business of the Company or any other member of the Group. Independent Director will be required to serve on such committees as the Board may request, including but not limited to Audit, and/or Nomination and remuneration and/or Stakeholders' Grievances & Relationship Committee. In addition, Independent Director will be expected to devote appropriate preparation and travel time ahead of each meeting.

As a Director of the Company, Independent Director will have legal duties and obligations under Companies Act 2013. It is expected that Independent Director will familiarize themselves with the relevant Directors' Duties, roles and responsibilities as set out in **Annexure-I**.

Liability

As an independent director, they will be liable only in respect of such acts of omission or commission by a company which had occurred with their knowledge, attributable

through Board processes, and with their consent or connivance or where Independent Director had not acted diligently.

Conflict of Interest

By accepting the appointment, Independent Director will be deemed to have confirmed that any other position they hold including their directorships in other organizations, shall not give rise to any conflicts of interest in relation to their appointment as an Independent Director of the Company. If Independent Director becomes aware of any conflict or potential conflict during their appointment, Independent Director are expected to notify the Company Secretary.

As an Independent Director, they shall not engage in any activity/ies that is not expected from them as an Independent Director.

Disclosures

Independent Director shall be required to submit certain information in the prescribed forms on a defined periodicity. Company Secretary shall be the coordinating officer for this. Independent Director are required to disclose to the Company their interests and any matters (excluding those matters which may be subject to legal professional privilege) which affect their independence.

During their tenure as an independent director, they are required to give a declaration that they meet the criteria of independent every financial year as provided under Section 149 of the Companies Act, 2013. Format of disclosure is enclosed in **Annexure - II**.

Review

The performance of individual directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause Independent Director concerns about their role, Independent Director should discuss them with the Managing Director or the senior independent director as soon as Independent Director can.

Code for Independent Directors

Independent Directors are required to abide by the Code for independent Directors as issued by the Company. **(Attached as an Annexure-III)**

Induction & Training

Where possible, directors will be encouraged to attend special training courses by various professional bodies to ensure that the directors are refreshed and equipped to perform their role in the highest standards and performance possible. Independent Director should feel free to request any further information which they require, at any time.

Confidentiality and Access to Company Records

Under Company law, Directors have a right of access to Company's documents and records, including financial records.

Any confidential information which may come to knowledge of Independent Director in the performance of their duties as a director of the Company must not be divulged,



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except so far as:

- A. may be necessary in connection with the proper performance of their duties to the Company;
- B. the Company may from time to time authorise Independent Director to disclose such information as may be required by Independent Director with the condition that they will take all reasonable precautions as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company; or
- C. Independent Director may be required by law to disclose.

Applicable Law

This letter of appointment shall be governed by the laws of India.

ANNEXURE-I**POWER, DUTIES & RESPONSIBILITY OF INDEPENDENT DIRECTOR****A. PROFESSIONAL CONDUCT**

As an Independent director of the Company, they shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising their duties;
- c. exercise their responsibilities in a bona fide manner in the interest of the Company;
- d. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- e. not allow any extraneous considerations that will vitiate his exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f. not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g. refrain from any action that would lead to loss of their independence;
- h. where circumstances arise which make them as an Independent Director lose their independence, Independent Director must immediately inform the Board accordingly;
- i. assist the Company in implementing the best corporate governance practices

B. ROLE AND FUNCTIONS

As an Independent director of the Company, they shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of board and management;
- c. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. 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;

- h. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

C. DUTIES

As an Independent director of the Company, they shall:

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which Independent Director are a member;
- d. participate constructively and actively in the committees of the Board in which Independent Director are a chairperson or a member;
- e. strive to attend the general meetings of the Company;
- f. ensure that their concerns about the running of the Company or a proposed action are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g. keep themselves well informed about the Company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- j. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l. acting within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

ANNEXURE-II

DECLARATION BY INDEPENDENT DIRECTOR

"I _____, holding DIN _____ with respect to the position of Independent Director of Exxaro Tiles Limited hereby confirm that:-

- a. I am a person of integrity and possesses relevant expertise and experience.
- b. I am not the promoter of the Company or its holding, subsidiary or associate Company;
- c. I not related to promoters or directors in the Company its holding, subsidiary or associate Company;
- d. I did not have any pecuniary relationships or transactions with the Company, its holding, subsidiary or associate Company, or their promoters, or directors during the two immediately preceding financial years,
- e. None of my relatives had any pecuniary relationships or transactions with the Company, its holding, subsidiary or associate Company, or their promoters, amounting to two per cent or more of its gross turnover or total income or fifty lakhs rupees or such higher amount as may be prescribed whichever is lower during the two immediately preceding financial year or during the current financial year
- f. Neither me or any of my relatives have :
 - i) held the position of key managerial personnel or had been an employee of the Company or its holding, subsidiary or associate Company during the three immediately preceding financial years,
 - ii) been an employee or proprietor or partner during the three immediately preceding financial years of –
 - a. firm of Auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding, subsidiary or associate Company; or
 - b. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;
 - iii) I do not held together with my relatives two percent or more of the total voting power of the Company;
 - iv) I am not a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the Company.

- g. I possess such other qualification as may be prescribed:
 - i) I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing,, administration, research, corporate governance, technical operations or other disciplines related to Company's business.;
- h. I or any of my relative is not a material supplier, service provider or customer or a lessor or lessee of the company.
- i. I am above 21 years of age.

I further confirm that:-

- a. I am not an independent Director in more than seven Listed entities;
Or As I am a Whole-time Director in a listed entity, I am an independent Director in not more than three listed entities.
- b. I am not the member in more than ten committees of Audit Committee and the Stakeholders' Relationship Committee across all public limited companies where I am acting as director.
- c. I am not Chairman in more than five Audit Committees and the Stakeholders' Relationship committee across all public limited companies where I am acting as director.
- d. Further the details of Chairmanship / membership in various committees (Audit and Stakeholders Relationship Committee) of all public limited companies is as follows:-

Sr. No.	Name of Company	Name of Committee	Chairman / Member
1			
2			

Signature:

Name:

DIN:

Dated:

Place:

ANNEXURE – III**CODE FOR INDEPENDENT DIRECTORS**

This is to inform Independent Director that in terms of Section 149(8) of Companies Act, 2013, it is mandatory for all Independent Directors to adhere with the Code of Conduct of the Company.

The said Code has been prescribed under Schedule IV of the Companies Act, 2013 and the same is reproduced herein below for their perusal and ready reference:-

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors. Further, this code for Independent Directors is in addition to and not in substitution to any other codes of Board Members as may be adopted by the Board of Directors of the Company.

I. Guidelines of professional conduct

As an Independent director of the Company, they shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising their duties;
- c. exercise their responsibilities in a bona fide manner in the interest of the Company;
- d. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- e. not allow any extraneous considerations that will vitiate his exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f. not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g. refrain from any action that would lead to loss of their independence;
- h. where circumstances arise which make them as an Independent Director lose their independence, Independent Director must immediately inform the Board accordingly;
- i. assist the Company in implementing the best corporate governance practices

II. Role and Functions

As an Independent director of the Company, they shall:

- a. 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;

- b. bring an objective view in the evaluation of the performance of board and management;
- c. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. 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;
- h. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties

As an Independent director of the Company, they shall:

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which Independent Director are a member;
- d. participate constructively and actively in the committees of the Board in which Independent Director are a chairperson or a member;
- e. strive to attend the general meetings of the Company;
- f. ensure that their concerns about the running of the Company or a proposed action are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g. keep themselves well informed about the Company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- j. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism

are not prejudicially affected on account of such use;

- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l. acting within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- a. 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.
- b. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- c. 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 fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- d. The appointment of independent directors shall be formalized 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. provision for Directors and Officers (D and O) insurance, if any;
 - v. the Code of Business Ethics that the company expects its directors and employees to follow;
 - vi. the list of actions that a director should not do while functioning as such in the company; and
 - vii. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- e. 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.

- f. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- a. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- b. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within 3 months from the date of such resignation or removal, as the case may be.
- c. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- a. The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- b. All the independent directors of the company shall strive to be present at such meeting;
- c. The meeting shall:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - iii. assess 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.

VIII. Evaluation mechanism:

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.