

## DISA India Limited

# Terms and Conditions of Appointment of Independent Directors

The terms and conditions of the appointment of Independent Directors of DISA India Limited ('**the Company**'), which shall, in any event be subject to the provisions of the Companies Act, 2013 ('**the Act**'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**the Listing Regulations**'), as amended from time to time and the Articles of Association of the Company, are set out below:

### TERMS OF APPOINTMENT

1. The appointment of Independent Directors will be made for an initial term of up to five consecutive years.
2. The Independent Directors may be reappointed for another term of five consecutive years after the expiration of the first term mentioned above subject to requisite approval by the Board and approval by the Shareholders through Special Resolution with due compliance of the Act and any other law for the time being in force including the Listing Regulations as amended from time to time.
3. Independent Directors shall not hold office for more than two consecutive terms of five years i.e., total ten years at a stretch. However, such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director. Provided that such Independent Director shall not during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
4. Re-appointment at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the Shareholders. The re-appointment would be considered by the Board based on the Directors continuing to meet the independence criteria and other statutory requirements as may be applicable.
5. The provisions of Section 152(6) and (7) of the Act, as amended from time to time, with respect to retirement of Directors by rotation at each Annual General Meeting of the Company shall not be applicable to Independent Director.

### TERMINATION

1. Notwithstanding anything contained herein, the appointment of Independent Directors 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 under Section 149(6) of the Act or Listing Regulations or on the occurrence of any event as defined under Section 167 of the Act, as amended from time to time.
2. 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, as amended from time to time. The Independent Directors may resign from the Office of Director by issuing a notice to that effect to the Company in writing stating therein, the reasons for resignation. Such resignation shall either be effective from the date of receipt of resignation by the Company

**DISA India Limited**  
**Terms and Conditions of Appointment of Independent Directors**

or the date that may have been specified in the notice whichever is later. In terms of provisions of the Act, at their option, they may file a copy of their resignation letter with the Registrar of Companies.

**ROLES, FUNCTIONS AND DUTIES**

1. As Members of the Board, the Independent Directors along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
  - a. Requirements under the Act read with Schedule IV of the Act, as amended from time to time.
  - b. Responsibilities of the Board as outlined in the Corporate Governance requirements as prescribed by the Stock Exchange(s) and under Regulation 4(2)(f) the Listing Regulations, as amended from time to time.
  - c. Accountability under the **Directors' Responsibility Statement**.
2. They shall abide by the 'Code for Independent Directors' as outlined in Schedule IV pursuant to Section 149(8) of the Act, and duties of Directors as provided in the Act (including Section 166) and under the applicable provisions of the Listing Regulations, as amended from time to time.

**BOARD COMMITTEES**

Independent Directors may also be appointed as Member(s) of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders' Relationship Committee and/or Risk Management Committee or any other Committee as and when Board decides.

**REMUNERATION**

1. Independent Directors will not be employees of the Company and their appointment letter shall not constitute a contract of employment. The Independent Directors will be paid such remuneration by way of *sitting fees* for Meetings of the Board and its Committees as may be recommended by the Nomination & Remuneration Committee and approved by the Board.
2. In addition to the sitting fees, *Commission* may also be paid to them as determining by the Board duly recommended by the Nomination and Remuneration Committee considering performance of the Company and within the limit prescribed under Section 197 of the Act, as amended from time to time.
3. Independent Directors are not entitled for any Employee Stock Option Scheme operated by the Company or any Group Company, if any.

**REIMBURSEMENT OF EXPENSES**

The Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. Expenditure may include for accommodation, travel and any out of pocket expenses for attending Board/ Committee Meetings, General Meetings, Court

**DISA India Limited**  
**Terms and Conditions of Appointment of Independent Directors**

Convened Meetings, Meetings with Shareholders/Creditors/Management, site visits, induction and training (organized by the Company for Directors) subject to the expense being reasonable and professional advice from independent advisors in the furtherance of their duties as Independent Directors.

**INSURANCE**

The Independent Directors shall be covered by 'Director & Officers' Insurance taken by the Company and the Company will assume and maintain such cover for the full term of appointment of Independent Directors.

**LIABILITIES**

1. Though the Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner, in capacity as an Independent Director, they will be liable in respect of such acts of omission or commission by the Company which had occurred with the knowledge of them, attributable through Board processes, and with the consent or connivance them, or where they have not acted diligently.
2. Any breach of duties specified or expected of them as an Independent Director may expose to penal consequences as specified under the Act or any other applicable law in force.

**INDEPENDENT PROFESSIONAL ADVICE**

The Independent Directors may seek professional advice from outside in furtherance of their duties as Directors and it will be appropriate for them 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.

**TRAINING AND DEVELOPMENT**

The Company may, if required, conduct formal Training Program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

**PERFORMANCE APPRAISAL / EVALUATION PROCESS**

1. As Independent Directors are the Members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each Director shall be done by all the other Directors.
2. The criteria for performance evaluation will be as determined by the Nomination and Remuneration Committee. The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

**DISA India Limited**  
**Terms and Conditions of Appointment of Independent Directors**

**DISCLOSURE OF OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

1. At the first meeting of the Board in every financial year of the Company or whenever there is any change in the circumstances which may affect Independent Directors' status as an Independent Director, they are required to give a declaration to that effect confirming that they meet the criteria of Independence as required under 149 of the Act, as amended from time to time.
2. Independent Director shall agree to furnish disclosure of interest to the Company as required under Section 184 and declaration as required under Section 164(2) of the Act, as amended from time to time.

**CONFLICT OF INTEREST**

1. It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As part of terms and conditions of appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment.
2. 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 they are independent, this should be disclosed to both the Chairman and the Company Secretary.
3. They shall not participate in any business activity which might impact the application of their independent judgement in the best interest of the Company.

**CODE OF CONDUCT**

During the appointment, Independent Directors are required to comply with relevant Regulations as contained in Schedule IV under the Act, as amended from time to time, including the following Codes of conduct of the Company:

- i. Code of Conduct for Board of Directors and Senior Management,
- ii. Code of Internal Procedures and Conduct for prevention of Insider Trading in Securities of the Company

**CONFIDENTIALITY**

1. All information acquired during appointment is confidential to the Company and shall not be released, either during appointment or following termination (by whatever means) to third parties without prior clearance from the Company unless required by law or by the rules of any Stock Exchange or Regulatory Body. On reasonable request, Independent Directors shall surrender any documents and other materials made available to them by the Company.
2. 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

**DISA India Limited**  
**Terms and Conditions of Appointment of Independent Directors**

Company. Consequently, Independent Directors 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.

3. The obligation of confidentiality shall survive cessation of their respective directorship with the Company. Publication of the letter of appointment in line with provisions of Clause IV(6) of Schedule IV to the Act and the Listing Regulations, as amended from time to time, the Company will make public the terms and conditions of appointment of Independent Directors and will also arrange for it to be displayed on the Company's website.

**CHANGES OF PERSONAL DETAILS**

During the Term, Independent Directors shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

**GENERAL**

The appointment of Independent Directors and any non-contractual obligations arising out thereof shall be governed by and be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the Courts of Karnataka.

Signed by:

*Lokesh Saxena*

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**Lokesh Saxena**

**Managing Director & CEO**