

## **Terms of Appointment of Independent Director**

### **1. APPOINTMENT**

Your appointment is subject to the provisions of Companies Act, 2013 and will be for a term of Five (5) consecutive years and shall take effect from 27<sup>th</sup> September, 2014, unless terminated earlier or extended, as per the provisions of this letter or applicable laws (“Term”).

As an Independent Director you will not be liable to retire by rotation as per the relevant provisions of the Companies Act and Listing agreement.

### **2. COMMITMENTS**

#### **A) Independent Director**

You will be expected to devote such time as is necessary for the proper performance of your duties and as an independent Director you will be involved in a number of board and committee meetings, as the case may be, each year. You should strive to attend all the scheduled quarterly board meetings, General Meetings; Committee Meetings and other meetings.

As an independent director you 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 this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.

#### **B) The Company**

- The Company shall provide you with adequate notice of the dates of proposed board meeting, general meeting and meetings of the board committee. As per the provision of the Companies Act, the company is expected to give you an advance notice of minimum 7 days of every board meetings. 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.

- The company will familiarize its Board members with the business model of the company as well as the risk profile of the business parameters of the company and their responsibilities as directors
- Company shall establish an effective whistle blower mechanism so that the directors can raise their concerns
- 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.

### **3. CODE OF CONDUCT, FUNCTIONS AND DUTIES**

You will be expected to perform your duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. You will have all the usual duties of an independent director under Companies Act and applicable listing agreement of the Stock Exchanges, where shares of the Company are listed, 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. You will be required to serve on such committees and/ or Sub-committee of Directors as the Board may request. In addition, you will be expected to devote appropriate preparation and travel time ahead of each meeting.

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

### **4. LIABILITY**

As an independent director you will be liable only in respect of such acts of omission or commission by a company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

### **5. TECHNOLOGY**

Being a Director, you may make use of video, telephone, electronic mail, any other technology which permits each Director to communicate with every other Director, or any combination of these technologies for the purpose of calling and holding Directors' meetings.

You may attend the board or committee meeting through video conferencing or other audio visual means subject to the applicable provisions of the Companies Act.

### **6. CONFLICT OF INTEREST**

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

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

## **7. DISCLOSURES**

You are required to disclose to the Company your interests and any matters (excluding those matters which may be subject to legal professional privilege) which affect your independence.

During your tenure as an independent director you are required to give a declaration that you meet the criteria of independence every financial year as provided under Section 149 of the Companies Act and Clause 49 of the Listing Agreement. Format of disclosure is enclosed in **Annexure -II**.

## **8. DIRECTORS' FEES**

You shall be paid a sitting fee as decided by the Board from time to time for attending the each meeting of Board as well as the Committee meetings attended by you, as per the provision of Section 197 of the Companies Act and the Articles of Association of the Company.

In addition to the sitting fees, profit related commission may also be payable to you. In determining the amount of this commission, the Nomination and Remuneration Committee may consider various factors. An indicative list of the factors that may be considered are as follows:

- Attendance at Board meetings,
- Attendance at Board Committee meetings,
- Chairmanship of the Board,
- Chairmanship of Board Committees,
- Contribution at Board and Committee meetings,
- Guidance and support provided to senior management of the Company outside of Board meetings,
- Industry practices,
- Performance evaluation, and
- Performance of the Company.

The Company shall reimburse you all traveling, hotel, and other incidental expenses properly and reasonably incurred by you in performance of duties as per provisions of the Companies Act in conjunction with the Company rules and policies. This could include reimbursement of expenditure incurred by you for attending Board/ Committee meetings, Annual General Meetings, Extraordinary General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits and induction (organized by the Company for Directors) and in obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of your duties as an Independent Director.

As an independent director you shall not be entitled to any stock option and shall not be covered by any pension scheme.

## **9. PERFORMANCE APPRAISAL / EVALUATION PROCESS**

As a member of the Board, your performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each director shall be done by all the other

directors. The criteria for evaluation shall be determined by the Nomination, and Remuneration Committee and 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. An indicative list of factors that may be evaluated as part of this exercise is:

- Participation and contribution by a director,
- Commitment (including guidance provided to senior management outside of Board / Committee meetings),
- Effective deployment of knowledge and expertise,
- Effective management of relationship with stakeholders,
- Integrity and maintenance of confidentiality,
- Independence of behaviour and judgment, and
- Impact and influence.

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

## **10. DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

During the Term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairperson and the Company Secretary. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships.

During your Term, you agree to promptly provide a declaration under Section 149(7) of the Companies Act, upon any change in circumstances which may affect your status as an Independent Director.

## **11. CHANGES OF PERSONAL DETAILS**

During the Term, you 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.

## **12. TERMINATION**

Your directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Companies Act, your directorship may be terminated for violation of any provision of the Company's Code of Conduct as applicable to Non-Executive Directors.

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later. It is desirable that you give the Chairman reasonable forewarning of your 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.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Companies Act or, if applicable, you fail to meet the criteria for “independence” under the provisions of Clause 49 of the Listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

### **13. CODE OF CONDUCT FOR DIRECTORS AND CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR EMPLOYEES, INCLUDING DIRECTORS**

You are required to abide by the Code of Conduct for Directors and Code of Conduct for Prevention of Insider Trading for Employees, including Directors, as issued by the Company. (Attached as an **Annexure -III**)

### **14. INDUCTION**

The company shall familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. You should feel free to request any further information which you require, at any time.

### **15. INDEMNITY AND INSURANCE/ PROVISION FOR DIRECTORS AND OFFICERS (D & O) INSURANCE**

The Company may obtain a Directors' & Officers' liability Insurance Policy for you. Details of the same will be provided as and when such policy is taken by the Company.

### **16. CONFIDENTIALITY AND ACCESS TO COMPANY RECORDS**

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

Any confidential information which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged, except so far as:

- a. may be necessary in connection with the proper performance of your duties to the Company;
- b. the Company may from time to time authorize you to disclose such information as may be required by you with the condition that you will take all reasonable precautions as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company;  
or
- c. you may be required by law to disclose.

Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.

Additionally, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.

## **17. COOPERATION**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your Term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

## **18. MISCELLANEOUS**

- This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- No waiver or modification of this letter shall be valid unless made in writing and signed by you and the Company.
- As per Clause 49 of the Listing Agreement, if applicable, the terms and conditions of your appointment shall be disclosed on the website of the Company.

## **19. APPLICABLE LAW**

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

## **20. ACCEPTANCE OF APPOINTMENT**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter. In returning this letter duly signed, you agree that the Company may make this letter publicly available.

We thank you for your continued support and commitment to the Company.

Yours sincerely

**For Morarjee Textiles Limited**

**Chairperson**

I have read and agree to the above terms regarding my appointment as an independent non• executive Director

**Signature:**

**Name:**

**DIN**

**Date:**

**Place**                      **Mumbai**

## **Annexure I**

### **Power, duties and responsibility of Independent Director**

#### **A. PROFESSIONAL CONDUCT**

As an Independent director of the Company, you shall:

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising your duties;
- c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- e) not allow any extraneous considerations that will vitiate your 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 your 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 your independence;
- h) where circumstances arise which make you as an Independent Director lose your independence, you 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, you 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) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) satisfy yourself 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, you 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 you are a member;
- d) participate constructively and actively in the committees of the Board in which you are a chairperson or a member;
- e) strive to attend the general meetings of the Company;
- f) ensure that your 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 yourself 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 your 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 Morarjee Textiles Limited, hereby confirm that:-

- a. I do not hold designation of Managing Director or a Whole-time Director or a Nominee Director in the Company or its holding, subsidiary or associate company;
- b. I possess relevant expertise and experience as required for the designation;
- c. I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, administration, research and corporate governance related to the company's business;
- d. I am not the nominee of any financial institution or of the Government or any of any other person, to represent their interest on the Board;
- e. I am or was not promoter of the company of the company or its holding, subsidiary or associate company and also not related to the promoters or directors in the company, its holding, subsidiary or associate company;
- f. I do not have or have had any pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year, apart from receiving Directors remuneration from the company u/s 149(9) of the Companies Act, 2013;
- g. None of my relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs.50 Lacs, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- h. Neither I nor any of my relative hold or has held the position of key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
- i. Neither I nor any of my relative is or has been an employee or proprietor or a partner in any of the three financial years immediately preceding the current financial year:
  - i. In a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company,
  - ii. In any legal or a consulting firm that has or had any transaction with the company, its holding co, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm,
- j. I or any of my relative do not hold together with my relatives 2% or more of the total voting power of the company.

- k. I or any of my relative is not a material supplier, service provider or customer or a lessor or lessee of the company.
- l. I am not the Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the Company.

**I further confirm that: -**

- a. I do not hold the position of Independent Director in more than 7 listed companies (including Morarjee Textiles Limited);
- b. I am not holding the position of Whole-time Director in any listed company and serving as an Independent Director not more than in 7 listed companies at the same time;

OR

I am holding the position of Whole-time Director in \_\_\_\_\_ Limited (listed company) and serving as an Independent Director not more than in 3 listed companies at the same time (including Morarjee Textiles Limited);

- c. I am not the member in more than 10 committees of Audit Committee and the Stakeholders' Relationship Committee across all public limited companies where I am acting as director.
- d. I am not Chairman in more than 5 Audit Committee and the Stakeholders' Relationship committee across all public limited companies where I am acting as director.
- e. Further the detail 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

Signature: -----

Name:

DIN:

Date:

Place: Mumbai -