

# **ACTIVE CLOTHING CO LTD.**

## **TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

The terms and conditions of appointment of Independent Directors are subject to the extent provisions of the (i) applicable laws, including the Companies Act, 2013 ('2013 Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), (to the extent applicable) , (ii) Articles of Association of the Company and listing agreement as amended from time to time. The following are the details of Independent Directors of the Company.

<b>Sr. No.</b>	<b>DIN</b>	<b>Name of Independent Director</b>	<b>Date of Appointment</b>
1	05131810	Mahesh Chandra Saxena	16/12/2017
2	05298483	Rabindra Behera	16/12/2017

### **TERMS OF APPOINTMENT:**

The appointment of Independent Directors are for a period of 5 (five) years from the date of their respective appointment. The Company may disengage Independent Directors prior to completion of the Term subject to compliance of relevant provisions of the 2013 Act.

The Independent Directors are not liable to retire by rotation. Re-appointment at the end of their tenure shall be considered by the Board of Directors ("the Board) based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation process, subject to the Directors continuing to meet the independence criteria.

The Independent Directors may be nominated to be a Member or Chairman of any one or more Committees of the Board

### **ROLE, FUNCTIONS AND DUTIES:**

The role, functions and duties of the Independent Directors shall be in accordance with the provisions of Schedule IV (Code for Independent Directors) to the Act, which inter alia includes:

#### **I. ROLE AND FUNCTIONS**

The independent directors shall:

- (1) 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;
- (2) bring an objective view in the evaluation of the performance of board and management;

- (3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) Balance the conflicting interest of the stakeholders;
- (7) 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;
- (8) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## **II. DUTIES**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) 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;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these 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;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) 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;

- (10) 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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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.

### **REMUNERATION:**

The Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees payable shall be determined by the Board from time to time.

Further, the Company may reimburse the Independent Directors such expenditure, as may be incurred by them while performing their role as an Independent Director of the Company, including expenditure incurred by them for travel, accommodation or any out-of-pocket expenses for attending Board / Committee Meetings, General Meetings, Court Convened Meeting, meetings with Shareholders / Creditors / Management, site visits, induction and training programs.

### **TRAINING AND DEVELOPMENT**

The Company may 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**

As 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. 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.

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

During the Term, they agree to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

During their Term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, upon any change in circumstances which may affect their status as an Independent Director.

### **CHANGES OF PERSONAL DETAILS**

During the Term, they 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.

### **DISENGAGEMENT**

The independent directors 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 them in the notice, whichever is later.

Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the 2013 Act) upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the 2013 Act.