

TERMS AND CONDITIONS OF APPOINTMENT

OF INDEPENDENT DIRECTORS

1. Appointment

The terms of your appointment as set out here are subject to the extant provisions of the (i) Companies Act, 2013 ("Act") and other applicable laws and (ii) Articles of Association of the Company ("AOA").

In accordance with the provisions of the Companies Act, 2013, you will serve as an Additional Director (Non-Executive, Independent) on the Board of Directors of the Company with effect from _____ ("date of appointment") and up to the date of the next _____ Annual General Meeting of the Company. Further, the necessary resolution for the regularization of your appointment (approval by Shareholders) as Director (Non-Executive, Independent) will be moved to the next _____ Annual General Meeting of the Company.

Your tenure as the Independent Director shall be for 5 consecutive years from the said date of appointment, and you shall not be liable to retirement by rotation as per the Act.

In terms of the Act, you may be eligible to serve as an Independent Director for another term of up to 5 consecutive years, subject to the recommendation of the Nomination and Remuneration Committee and passing of a special resolution by the shareholders of the Company.

2. Role, functions, and responsibilities

- i. You, along with the other Directors, will be collectively responsible for meeting the objectives of the Board, which include:
 - a. Requirements under the Companies Act, 2013.
 - b. Accountability under the Directors' Responsibility Statement;
- ii. You will abide by the 'Code For Independent Directors' as outlined in Schedule IV to Section 149(8) of the Act, and the duties of directors as provided in the Act (including Section 166) as provided in Annexure-A and Articles of Association as may be amended from time to time;
- iii. You will provide guidance in your area of expertise;

Derewala Industries Ltd.

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- iv. You shall constructively challenge and contribute to the development of strategy;
- v. You will bring an objective view to the evaluation of the performance of the Board and the Management ;
- vi. You will scrutinize the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance;
- vii. You will satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- viii. You will safeguard the interests of all stakeholders, particularly the minority shareholders;
- ix. You will balance the conflicting interests of the stakeholders and will moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between Management and stakeholders' interests;
- x. You will determine appropriate levels of remuneration of executive directors, key managerial personnel, and senior management, and have a prime role in appointing and, where necessary, recommending the removal of executive directors, key managerial personnel, and senior management;

3. Professional Conduct for Independent Directors

As an Independent Director, you shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising your duties;
- iii. exercise your responsibilities in a bona fide manner in the interest of the Company and to promote the objects of the company;
- iv. Devote sufficient time and attention to your professional obligations for informed and balanced decision-making.
- v. not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making;
- vi. 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 an advantage for any associated person;
- vii. not assign your office as Director, and any assignments so made shall be void.

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- viii. refrain from any action that could lead to a loss of your independence;
- ix. ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly;
- x. on becoming aware of any potential conflicts of interest, you will disclose the same to the Chairman and Company Secretary as soon as they become apparent.
- xi. assist the Company in implementing the best corporate governance practices.

4. Duties

As an Independent Director, you shall:

- i. undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge, and familiarity with the Company;
- ii. seek appropriate clarifications and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- iii. strive to attend every meeting of the Board and of the Board committees of which you are a member;
- iv. actively and constructively participate in the Board and Committees of the Board in which you may be a member or the Chairperson;
- v. strive to attend the general meetings of the Company;
- vi. ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- vii. keep yourself well informed about the Company and the external environment in which it operates;
- viii. not unfairly obstruct the functioning of an otherwise proper Board or committee;
- ix. ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- x. ensure that the whistleblower function of the Company is functioning adequately;
- xi. report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Policies;
- xii. within your authority, assist in protecting the legitimate interests of the Company, shareholders, and its employees;

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- xiii. not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

5. Board Committees:

As advised by the Board, during the tenure of the office, you may be required to serve on one or more of the Committees of the Board. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter, which sets out the functions of that Committee. Currently, the Board has three committees: Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee.

6. Remuneration:

As an Independent Director, you will be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

In addition to the sitting fees, commission may also be paid to you. In determining the amount of commission payable, the Board, supported by the Nomination and Remuneration Committee and in accordance with its Nomination and Remuneration Policy, shall consider the performance of the Company as well as your performance as evaluated by the Board.

Further, the Company may pay or reimburse you for such reasonable and properly documented expenditure that may be incurred by you while performing your role as an Independent Director of the Company. You should submit any details of expenses incurred to the Company Secretary or Chief Financial Officer in his/her absence.

You will have no entitlement to any bonus during the Appointment and no entitlement to participate in any share scheme or pension scheme operated by the Company

7. Independent Directors' discussion:

Annually and when required, the Independent Directors meet without the presence of Non-Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluate the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluate the

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performance of the Chairman of the Board and discuss aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

8. Changes in personal details

During your Term, you shall promptly inform 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.

9. Insurance

At present, the Company doesn't have any Directors' and Officers' liability insurance; however, if in the future the Company opts for taking such insurance policy, the Company will endeavor to cover you for the full term of your appointment.

10. Training of the Board

The Company will conduct training(s) for the Independent Directors of the Company as may be required from time to time, in compliance with the provisions of the Companies Act and the Rules made thereunder.

11. Disengagement:

- i. You may resign as Director of the Company by giving notice in writing to the Company stating the reasons for your 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.
You should give the Chairman reasonable forewarning of your intention to resign so that the Company can plan for the succession of skills and experience on the board.
- ii. Notwithstanding the other provisions of the terms, the Appointment may be terminated at any time by the Company in accordance with the Company's Articles of Association or the Act.
- iii. Upon such termination or resignation for any reason, you shall not be entitled to any damages for loss of office, and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment. In case of resignation from directorship as per provisions of the Act, you are required to file a copy of the resignation letter with the Registrar of Companies, Rajasthan.

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- iv. On termination of the Appointment, you will deliver to the Company all books, documents, papers, and other property of or relating to the business of the Company which are in your possession, custody, or power by virtue of your position as a Non-Executive, Independent Director of the Company. The Company is able to arrange the disposal of papers that you no longer require.

12. Confidentiality

You must apply the highest standards of confidentiality and not disclose to any person or company (whether during the Appointment or at any time after its termination) any confidential information concerning the Company, any group Companies with which you come into contact by virtue of your position as Non-Executive, Independent Director of the Company.

13. Miscellaneous

The terms of appointment contained in these terms and conditions, along with your detailed profile, shall be disclosed on the website of the Company. These terms and conditions are governed by, and shall be construed by, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the court of Jaipur. These terms and conditions constitute neither a contract for services nor a service contract.

14. 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 these Terms and Conditions.

Thanking You

Yours sincerely

For & on behalf of Derewala Industries Limited

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(_____) DIN:_____

AGREED AND ACCEPTED

I have read and understood the terms of my appointment as an Independent Director of Derewala Industries Limited, and I hereby affirm my acceptance of the same.

(_____)

DIN: _____

Date:

Place:

Annexure --A

SCHEDULE IV read with section 149(8) of the Companies Act 2013

CODE FOR INDEPENDENT DIRECTORS

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.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) 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;
- (6) not abuse his 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;
- (7) refrain from any action that would lead to loss of his independence;

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- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. 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 to the evaluation of the performance of the board and management;
- (3) scrutinise 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 that 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 interests 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 the 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 shareholders' interests.

III. 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;

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- (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 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 behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policy;
- (12) "act within their 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.

IV. Manner of appointment:

- (1) The appointment process of independent directors shall be independent of the company management; while selecting independent directors, the Board shall ensure that there is an appropriate balance of skills, experience, and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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 fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve, and their tasks;
 - (c) the fiduciary duties that come with such an appointment, along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) The Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and

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- (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings, and profit-related commission, if any.
- (5) 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.
- (6) 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 an independent director shall be on the basis of the report of the performance evaluation.

VI. Resignation or removal:

- (1) 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.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within "three months" from the date of such resignation or removal, as the case may be.
- (3) 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:

- (1) 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;
- (2) All the independent directors of the company shall strive to be present at such a meeting;
- (3) The meeting shall:
 - (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 the 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:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.

DUTIES OF DIRECTORS AS PER SECTION 166 OF THE COMPANIES ACT, 2013

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- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community, and for the protection of the environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill, and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office, and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section, such director shall be punishable with a fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

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