

LAVA INTERNATIONAL LIMITED

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

❖ **APPOINTMENT**

The appointment of Independent Directors is for a term of up to 5 (five) years from the date of their respective appointment. The Independent Directors are not liable to retire by rotation. Reappointment 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 and approved by the Shareholders, 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.

ROLE AND FUNCTIONS

- (1) Assist 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 with respect to agreed goals and objectives and monitor the reporting of performance.
- (4) Satisfy yourself on the integrity of financial information and that financial controls and 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.

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 behavior, 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.

❖ **CODE OF CONDUCT**

During the appointment they are required to comply with regulations as contained in Schedule IV of the Companies Act, 2013, including the Company's Code of Conduct.

❖ **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.

❖ **INSURANCE**

The Company has taken appropriate Directors' and Officers' Liability Insurance Policy and has paid premium for the same. The Company shall continue to maintain such insurance cover during the term of the Independent Directors appointment.

❖ **PERFORMANCE APPRAISAL/EVALUATION PROCESS**

As members of the Board, the performance of the Independent Directors 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 Annual Report of the Company. The actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committees.

❖ **DISCLOSURES**

During the tenure of their directorship, the Independent Directors shall notify promptly the Company of any change in their directorships and shall provide all disclosures and information as may be required under the applicable laws. They shall also upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, promptly disclose the same to the Chairman of the Board or the Company Secretary.

❖ **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.

The directorship of Independent Directors on the Board shall cease in accordance with the provisions of the Companies Act, 2013 or other applicable laws. The Company may disengage the Independent Directors prior to completion of their terms (subject to compliance of relevant provisions of the Act) upon:

- their violating any of the provisions of Company's Code of Conduct applicable to the Independent Directors.
- the Independent Directors failing to meet the criteria for independence as envisaged in Section 149(6) of the Act.