

Date: XXXXX

To
Ms./ Mr. XYZ
Address: _____

Subject: Appointment as a Non-Executive Independent Director of the Company

Dear XYZ,

We are pleased to inform you that the shareholders of the Company at their General Meeting held on XXXX have approved your appointment as a Non-Executive Independent Director of the Company with effect from XXXXX on the such terms as set out below:

1. Your appointment as a Non-Executive Independent Director of the Company is valid for a period of XXXXX consecutive years.

You shall discharge your duties as an Independent Non-Executive Director and comply with the requirements of the Companies Act, 2013 (the Act) and Articles of Association of the Company.

2. You shall vacate your office under the circumstances mentioned in Section 167 of the Act, which are as under: -

- (a) You incur any of the disqualifications specified in section 164 (**enclosed as Annexure-I**).

However, if you incur disqualification under sub-section (2) of section 164, you shall vacate the office in all the companies, other than the company which is in default under that sub-section.

- (b) You absent yourself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence from the Board;
- (c) You act in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which you are directly or indirectly interested;
- (d) You fail to disclose your interest in any contract or arrangement in which you are directly or indirectly interested, in contravention of the provisions of section 184;
- (e) You become disqualified by an order of a court or the Tribunal;
- (f) You are convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:

Provided that the office shall not be vacated by you in case of orders referred to in clauses (e) and (f)-

- (i) for thirty days from the date of conviction or order of disqualification;
- (ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed of; or

Contd/-

(iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed of.

- (g) You are removed in pursuance of the provisions of this Act;
- (h) You having been appointed a director by virtue of your holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.
3. The term of office can be terminated earlier by either the Company or you in the manner provided in Sections 168 and 169 of the Act.
 4. You may be required to serve on one or more Committees of the Board. You will be provided with the relevant terms of reference on your appointment to such a Committee.
 5. You shall discharge your duties as an Independent Non-Executive Director, take decisions objectively in the interests of the Company and comply with the requirements of the Act and Articles of Association of the Company.
 6. You shall strictly observe and follow the Code for Independent Directors as set out in Schedule-IV of the Act (**enclosed as Annexure-II**).
 7. You shall adhere to the Company's Code of Conduct and give an annual affirmation that you have complied with the same.
 8. All Directors, including you, of the Company will be jointly and severally covered under the Directors & Officers Insurance Policy taken by the Company.
 9. You will be paid sitting fees and commission on profits, if any, and will be reimbursed of the expenses incurred for attending the Meetings of the Company or in connection with the work of the Company, as per the Articles of Association of the Company.
 10. 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 you may be liable to disclose under any law in force.

Yours Sincerely,
For **Dalmia Bharat Refractories Limited**

(XXXXXX)
Managing Director/ Company Secretary

Encl. As stated

ANNEXURE-1
DISQUALIFICATIONS AS SPECIFIED U/S 164 OF THE COMPANIES ACT, 2013

- (1) A person shall not be eligible for appointment as a director of a company, if —
- (a) he is of unsound mind and stands so declared by a competent court;
 - (b) he is an undischarged insolvent;
 - (c) he has applied to be adjudicated as an insolvent and his application is pending;
 - (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
 - (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
 - (f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
 - (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - (h) he has not complied with sub-section (3) of section 152.
 - (i) he has not complied with the provisions of sub-section (1) of section 165 of the Act
- (2) No person who is or has been a director of a company which—
- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
 - (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

Provided that where a person is appointed as a director of a company which is in default of clause (a) or clause (b), he shall not incur the disqualification for a period of six months from the date of his appointment.

ANNEXURE-2 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.

1.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;
- (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.

2. 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) 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 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.

3. 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) "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.

4. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

5. 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.

6. 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 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 flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

7. 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.