

WFL/SEC/\_\_\_\_\_

Date: \_\_\_\_\_

To,  
Ms. / Mr. \_\_\_\_\_  
(Address)

Dear \_\_\_\_\_

**SUBJECT: APPOINTMENT AS AN INDEPENDENT DIRECTOR**

I am pleased to confirm that the Board of Directors of Welspun Flooring Limited has resolved that you be offered a position as an Independent Director of the Company with effect from \_\_\_\_\_ (date). This letter sets out the terms of your appointment.

**1. Term of Appointment:-**

Your appointment will be for the period from \_\_\_\_ (date) to \_\_\_\_\_ (date) subject to a yearly formal review by the Board. You will not be liable to retire by rotation under the Companies Act, 2013.

You may resign by notice in writing at any time and under the Constitution (Articles of Association).

In addition to the circumstances prescribed under the Companies Act, 2013, your appointment may cease in the circumstances prescribed below:

- Continuing conflict of interest that cannot be reconciled.
- Failure in performance of a fiduciary responsibility.
- Non-compliance with the Code of Conduct for Directors and Sr. Management and other policies of the Company.
- On the discretion of shareholders.
- Continuing Independence conflicts.
- Any other condition which the Board may think fit.

## **2. Board Committees :-**

During the term of your appointment, you may be required to serve on one or more Committees of the Board established by the Company. Upon your appointment to any one or more Committees, you will be provided with the appropriate charter of that Committee which sets out the functions of that Committee.

- **Audit Committee**

The purpose of the Audit Committee is to perform such duties and undertake such responsibilities as are prescribed under the Companies Act, 2013 which includes, inter alia, oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees, approving payment to statutory auditors for any other services rendered by the statutory auditors and reviewing, with the management, the annual financial statements before submission to the Board for approval.

- **Nomination and Remuneration Committee**

The purpose of the Nomination and Remuneration Committee is, inter alia, formulate policy for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and senior management personnel, identify persons who are qualified to become directors, identify persons who may be appointed in senior management in accordance with the criteria laid down, evaluate every director's performance, devise a policy on diversity of Board.

## **3. Guidelines for professional conduct:-**

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;
- (iv) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- (v) 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;
- (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 advantage for any associated person;
- (vii) refrain from any action that would lead to loss of your independence;
- (viii) where circumstances arise which make you lose your independence, you shall immediately inform the Board accordingly;
- (ix) assist the Company in implementing the best corporate governance practices.

#### **4. Your Role & Function:-**

You will be expected to participate as an active member of the Board and:-

- (i) shall act in accordance with the Company's Articles of Association, Policies and Codes as amended from time to time;
- (ii) attend all Board meetings, currently at least 4 - 6 meetings per year are held;
- (iii) participate in meeting of the Committees as agreed;
- (iv) attend General Meetings;
- (v) 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;
- (vi) bring an objective view in the evaluation of the performance of board and management;

- (vii) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (viii) satisfy on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (ix) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (x) balance the conflicting interest of the stakeholders;
- (xi) 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;
- (xii) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

It is estimated that you would need to commit at least 4-5 days per quarter to fulfill your directorial duties, including adequately preparing for meetings, attendance and undertaking allocated follow-up tasks, office and site visits as necessary, as well as being available for ad hoc discussions from time-to-time.

#### **5. Your Duties:-**

You will be expected to perform, in addition to the duties prescribed under the Companies Act, 2013, the following duties:

- (i) 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 environment;
- (ii) exercise your duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- (iii) 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;
- (iv) not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates;
- (v) not assign your office and any assignment so made shall be void;

- (vi) undertake appropriate induction and regularly update and refresh skills, knowledge and familiarity with the Company;
- (vii) 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;
- (viii) strive to attend all meetings of the Board of Directors and of the Board committees of which you may be a member;
- (ix) participate constructively and actively in the committees of the Board in which you may be chairperson or member;
- (x) strive to attend the general meetings of the Company;
- (xi) where you 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;
- (xii) keep yourself well informed about the Company and the external environment in which it operates;
- (xiii) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (xiv) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the Company;
- (xv) 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;
- (xvi) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (xvii) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (xviii) 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.

## **6. Your Responsibilities :-**

The Independent Directors shall have the same legal responsibilities to the Company as that of other directors.

#### **7. Remuneration & Expenses:-**

You will be entitled to remuneration by way of sitting fees as decided by the Board from time to time and as per applicable provisions of the Companies Act, 2013 for attending each meeting of the Board or the Committee thereof of which you may be a member.

You will be reimbursed for all approved expenses incurred in your role as a director.

#### **8. Disclosure:-**

To enable compliance with the Code of Conduct for Directors and Sr. Management, the Ethics and Compliance Policy and Procedures, the Articles of Association you are required to make certain disclosures related to and/or which might affect your role as a director. These include:

- Giving notice to the Board of any relevant or material personal interest or conflict in relation to the affairs or business of the Company;
- Transaction / relationship with embargoed or prohibited persons.

The Code of Conduct deals with conflict of interest, the Ethics and Compliance Policy and Procedures deals with the restriction on transactions or relationship with embargoed / prohibited persons and ethical behavior. Acceptance of this letter indicates you have read and understood the Code of Conduct for Directors and Sr. Management, the Ethics and Compliance Policy and Procedures.

#### **9. Other Directorships:-**

- You would need to inform the Chairman prior to accepting directorships of other companies.

- Should you retire / resign from the Board of Welspun Flooring Limited Limited, we request that you do not accept directorships of companies which are in direct competition with the Company for a period of one year.

#### **10. Director's Performance Review:-**

You would be subject to review relating to your role in the Board and / or its Committees. The review process will be performed on a yearly basis. Your re-appointment shall be on the basis of report of performance review.

#### **11. Access to documents:-**

Under the Articles of Association and subject to the provisions of the Companies Act, 2013 you have certain rights with respect to access to Company documents.

#### **12. Directors' Insurance:-**

Under the Articles of Association you have right to be indemnified for certain liabilities arising from your conduct or duties as a Director. The Company maintains directors & officers insurance for its Board members and pays, subject to applicable provisions in the Companies Act, 2013, all premiums pertaining to the same.

#### **13. Independent Advice:-**

With the approval of the Chairman you may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of your responsibilities as a director. Copies of this advice must be made available to, and for the benefit of, all Board members.

#### **14. Company Policies:-**

As a director of the Company you will be expected to act at all times in accordance with the Company's Constitution and comply with the Company's corporate policies and procedures that relate to your role as a director including such areas as corporate governance, privacy and travel. Copies of these will be provided to you

**15. Confidentiality:-**

In your role as a director you will be in possession of confidential information about the Company and its affairs. You may only use that information in the proper performance of your duties or as required by law. You must not use it to gain advantage for yourself or others, or to the detriment of the Company.

We look forward to your acceptance of the abovementioned offer.

Yours sincerely,

**For Welspun Flooring Limited**

Signature -----  
Director

**Accepted**

Signature \_\_\_\_\_  
Name

Date: \_\_\_\_\_