

ACKNIT INDUSTRIES LIMITED

Terms and Conditions of appointment of Independent Directors

The terms and Conditions of the appointment, which shall, in any event be subject to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Articles of Association of the Company.

The broad terms and conditions of the appointment of Independent Directors are reproduced hereunder:

Terms of Appointment

1. The appointment will be for the period as may be decided by the Board subject to compliance of relevant provisions of the Companies Act 2013 and Articles of Association of the Company.
2. In compliance with provision Section 149(13) of the Companies Act, 2013, Independent Directors are not liable to retire by rotation.
3. Re-appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.
4. The directors may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.
5. The appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) or Listing Regulations or on the occurrence of any event as defined in section 167 of the Companies Act, 2013. Upon termination or upon resignation for any reason, duly intimated to the Company, Independent Directors will not be entitled to any compensation for loss of office.

Role, duties and responsibilities

As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

- A. Requirement under Companies Act, 2013 read with Schedule IV of the said Act.
- B. "Responsibilities of the Board" as outlined in the Corporate Governance requirements as prescribed by the Stock Exchanges under Regulation 4(2)(f) of listing Regulations.
- C. Accountability under the Director's Responsibility Statement.

In addition to the above requirements, the Board of Directors also expect Independent Directors to perform the following functions:

- I. They shall act in accordance with the Company's Articles of Association.
- II. They 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 interest of the Company.
- III. They shall discharge their duties with due and reasonable care, skill and diligence.
- IV. They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

- V. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or their relatives, partners or associates.
- VI. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
- VII. Keep Governance and Compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.

Remuneration and Reimbursement of Expenses

ID remuneration will be as under:

- (a) Sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time, and
- (b) Any other fee subject to the provisions of the Companies Act 2013 and as per the Company's policy as amended from time to time.

ID will not be entitled to any stock options.

Independent Professional Advice

There may be occasions when Independent Directors consider that they need professional advice in furtherance of their duties as Director and it will be appropriate for them to consult independent advisers at the Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's policy.

Training and Development

The Company may, if required, 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 evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

Disclosure of other directorships and business interests

1. During their Term, Independent Directors 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.
2. During their Term, Independent Directors agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 and Listing Regulations, upon any change in circumstances which

may affect their status as an Independent Director.

Changes of personal details

During the Term, Independent Directors 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.

Code of Conduct

During the appointment, Independent Directors are required to comply with relevant regulations as contained in Schedule IV under Companies Act, 2013, including the following codes of conduct of the Company:

- i. Group Code of Conduct,
- ii. Code of Conduct for Board of Directors and Senior Management,
- iii. Code of Internal Procedures and Conduct for prevention of Insider Trading in securities of the Company and
- iv. Code of Corporate Disclosure Practices for prevention of Insider Trading and such other requirements as the Board of Directors may from time to time specify.

Confidentiality

1. All information acquired during appointment is confidential to the Company and shall not be released, either during appointment or following termination (by whatever means) to third parties without prior clearance from the Company unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, Independent Directors shall surrender any documents and other materials made available to them by the Company.

2. Attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently Independent Directors should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

Resignation

ID 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.

Termination

ID directorship shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Companies Act, 2013, ID directorship may be terminated for violation of any provision of the Acknit Code of Conduct as applicable.