

# **VASHISHTHA LUXURY FASHION LIMITED**

## **TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

## 1. Introduction

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This Policy is a guide to Appointment of Independent Directors of Vashishtha Luxury Fashion Limited ("**Company**") in accordance with the requirements of Schedule IV to the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Policy has been approved by the Board of Directors of the Company at its meetings held on 1/07/2024. This Policy shall be effective from 1<sup>st</sup> July 2024

## 2. Definitions

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**"Act"** means the Companies Act, 2013 and the rules made thereunder, as amended.

**"Board"** shall mean the board of directors of the Company

**"Policy"** shall mean this Terms and conditions of Appointment of Independent Director.

**'Independent Director'** shall mean a Non-Executive Director other than a Nominee Director of the Company as per section 149 of the Companies Act 2013 read with rules, if any, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any amendment made thereof from time to time

## 3. Terms of Appointment

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The term of appointment of an Independent Director of the Company is for a period of 5 consecutive years from the date of his/ her appointment. Independent Director is not liable to retire by rotation.

The appointment of every independent director shall be approved by members' of the Company.

Independent Director is not liable to retire by rotation.

Independent Directors will be eligible for re-appointment for another term of 5 consecutive years, after the completion of their tenure of first 5 years, subject to Board approval, and the passing of a Special Resolution by Members.

## 4. Manner of Appointment

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- i. While selecting Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board to enable the Board to discharge its functions and duties effectively.
- ii. The appointment of Independent Director(s) of the company shall be approved at

the meeting of the shareholders.

- iii. 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 fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- iv. The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- v. 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
- vi. The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

## **5. Duties and Liabilities**

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- i. The Independent Director shall perform his/her fiduciary duties in a responsible manner and his/her general legal responsibilities to the Company will be at par with a non- executive director.
- ii. The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his/her duties, comply with the requirements of Section 166 and Schedule IV to the Companies Act, 2013
- iii. The Independent Director to be held liable only in respect of such acts of omission or commission by the Company which have occurred with his/her knowledge, attributable through Board processes, and with his/her consent or where Independent Director has not acted diligently.
- iv. The Independent Director is expected to dedicate sufficient time and attention towards the business affairs of the Company and participate actively/constructively in -
  - All meetings of the board
  - All meetings of the Committees of which he/she is a member or Chairperson
  - General Meetings of the Company; and
  - Annual meeting of the Independent Directors.

## **6. Code for Independent Directors:**

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- i. The Independent Director will be required to abide by the guidelines as to

professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act.

- ii. The Company shall rely upon the annual declaration as required under the provision of section 149(7) of the Act by the Independent Director that he / she meets the criteria of independence as provided in Section 149(6) of the Act as also in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- iii. The Independent Director will be required to comply with applicable provisions of any code of conduct framed by the Board for all Board members and Senior Management of the Company under the Listing Regulations.
- iv. The Independent Director will be expected to stay updated on how best to discharge your roles, responsibilities, and duties and liabilities, as an Independent Director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.
- v. The Independent Director shall be expected to:
  - take decisions objectively and solely in the interests of the Company.
  - facilitate Company's adherence to high standards of ethics and corporate behavior.
  - guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
  - guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions.
  - guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

## **7. Committees**

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The Board may, if it deems fit, invite the Independent Director for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. The appointment of Independent Director on such Committee(s) will be subject to the applicable regulations.

## **8. Restrictions**

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During the tenure of service, the Independent Directors are expected -

- i. Not to take up directorship in any company (whether in India or abroad) engaged in the same or similar businesses as that of the Company or in a company, business or undertaking which competes or is likely to compete with the Company or which could otherwise potentially give rise to a conflict with his/her duties with the Company. In the event that the Independent Director becomes aware of any potential conflicts of interest, or in case of doubt, he/ she should consult the Chairman of the Company as soon as practicable.
- ii. Not to serve as an independent director in more than the prescribed number of companies
- iii. Not to indulge in forward dealings in securities of the Company which is prohibited under the Act. Directors are prohibited from dealing in the Company's securities during the period when the trading window is closed. They should not enter into insider trading and are expected to comply with the Company's code for securities dealing as well as with the concerned provisions of the Insider Trading Laws and Regulations.
- iv. Neither to enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the shares of the Company without obtaining the prior approval from the Board and shareholders of the Company.

## **9. Remuneration & Expenses**

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- i. The Independent Director shall be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time, subject to approval of the shareholders, if required.
- ii. As an Independent Director, he/she shall be entitled to such commission, on the recommendation made by Nomination and Remuneration Committee, subject to the approval of the Board and shareholders of the Company.
- iii. The Company shall reimburse Independent Director, or bear and pay, all travel, accommodation or other expenses incurred as a result of him/her carrying out his/her duties as a director. The Independent Director may, at the Company's expense, seek independent legal or other professional advice where necessary to perform his/her duties and will be entitled to reimbursement of costs incurred in seeking such advice. In these circumstances, Independent Director should discuss the issues concerned with the Chairman of the Company in advance.

## **10. Confidentiality**

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The Independent Director must both during and after the term of Appointment, Independent Directors not use for his/her own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary or any group or associate companies of the Company, which he/she may acquire by virtue of his/her position as an independent director, including without limitation, any information about the deliberations of the Board.

## **11. Performance evaluation**

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

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

## **12. Insurance**

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The Company has Directors' and Officers' liability insurance, and it is intended to maintain such cover for the full term of the Appointment.

The Independent Director may obtain details of such insurance from the Company Secretary.

## **13. Policy Review and Amendments**

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The Board and/or its committees reserves the power to review and amend this Policy from time to time. All provisions of this Policy would be subject to revision / amendment in accordance with the applicable law issued by relevant statutory, governmental and regulatory authorities, from time to time and the same shall be communicated to the Employees or any other stakeholders of the company.

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