



TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS OF THE COMPANY

The following are the terms and conditions of appointment of Independent Directors of the Company viz. Mr. D.R. Karthikeyan, CA R. Subramanian, Mr. G.R.Karthikeyan, Dr. S.S. Badrinath, Dr. Yogesh Shah and CA M. Alagiriswamy:

1. Appointment

- a. The appointment of Independent Directors is for a term of five consecutive years with effect from 24th September, 2014.
- b. The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the provisions of Companies Act, 2013, Listing Agreement and the SEBI Regulations.
- c. During their tenure of office, Independent Directors may be serving on one or more Committees of the Board, as the Board deems fit. Serving on such Committee(s) will be subject to the applicable regulations.

2. Roles and Duties

The roles and duties of the Independent Directors will be those normally required of a Director under the Companies Act, 2013 and the Listing Agreement/ SEBI (LODR) Regulations, 2015. The Independent Directors shall:

- a. act in accordance with the Articles of Association of the Company;
- b. 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, its employees, the shareholders, the community and for the protection of environment;
- c. discharge duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- d. not involve in a situation in which conflicts the direct or indirect interest, or possibly may conflict, with the interest of the Company.



- e. not achieve or attempt to achieve any undue gain or advantage by himself or with their relatives, partners or associates and if found guilty of making any undue gain, shall be liable to pay an amount equal to the gain to the Company.
- f. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- g. 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;
- h. strive to attend all meetings of the Board of Directors and of the Board Committees and shall participate constructively and actively of which they are Chairperson or a member;
- i. strive to attend the general meetings of the company;
- j. keep themselves well informed about the company and the external environment in which it operates;
- k. not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- l. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure that they are in the interest of the company;
- m. 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;
- n. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics;
- o. not disclose any 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.

3. Responsibilities

Independent Director has the same general responsibilities as that of other directors on the Board. The functions of the Board of Directors of the Company are:



- a. review and approval of annual and medium/ long term plans.
- b. provide strategic guidance for implementation of business policy.
- c. oversee the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- d. ensure integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- e. oversee the internal control processes including the legal and regulatory compliance framework of the companies.
- f. determine appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning.

4. Compensation

- a. The Independent Directors of the Company will be paid remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time. Presently, the sitting fees as determined by the Board is Rs. 5000 for attending each meeting of the Board, the Audit Committee, the Nomination and Remuneration Committee and the Stakeholder Relationship Committee
- b. In addition to the above, the Company, will reimburse for travel, hotel and other incidental expenses incurred in the performance of their role and duties;
- c. Pursuant to the provisions of Companies Act, 2013 Independent Directors will not be entitled to any stock options of the Company.

5. Disclosure of Interest

The Independent Directors may have business interests in other entities. In order to avoid conflict of interest, they are expected to disclose to the Board through the Company Secretary, in writing the nature of interest, both direct and indirect in a contract or arrangement entered or proposed to be entered by the Company. In the event of any change in the nature of interest, the same shall be disclosed to the Board forthwith.

Further, they shall abstain from participating in the deliberations or voting on any item of business at a Board / Committee Meeting in respect of which they are interested.

6. Code of Conduct :



The Independent Directors shall be governed by the below mentioned Code of Conduct adopted by Lotus:

- a. act honestly, diligently and in good faith and integrity in all their dealings with and for the Company;
- b. not use any confidential information obtained by them in the course of their official duty, whether from the Company or otherwise, for personal gain, or use / allow the use of such information for the financial benefit for any other person;
- c. not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company;
- d. maintain the principle of need to know and also confidentiality of all material non-public information about the Company, its business and affairs;
- e. abide by all applicable laws and regulations including the Company's Prevention of Insider Trading Code;
- f. not use their status to seek or accept any personal gains or favours from those doing or seeking to do business with the Company or from other employees of the Company;
- g. not accept any gifts / donations / comparable benefits in cash or kind, if it is likely to lead to a business relationship with the Company;
- h. not share any information regarding the Company, its business and/or affairs with media without the prior approval of the Corporate Disclosure Officer viz., Managing Director / CEO / President;
- i. not hold position of director / advisor with a competitor company.

7. Confidentiality

All information acquired during their tenure of office is confidential to the Company and shall not be disclosed to third parties. This requirement extends beyond their period of office as a Director of the company.

In terms of the requirements under SEBI guidelines for Prevention of Insider Trading, they shall not deal in securities while in possession of unpublished price sensitive information. They are expected to keep price sensitive information as confidential and shall avoid disclosing any such information to any person to trade in shares at that time.



Further, they shall neither enter into forward dealings in the securities of the Company or the Holding Company nor enter into any insider trading activity in relation to the securities of the Company.

11. Induction and Development

The Company will from time to time, brief the Independent Directors on all business related matter, risk assessment & minimisation procedures, and proposed new initiatives. They will also be updated on changes/ developments in the domestic/ global corporate and industry scenario including those pertaining to statutes/ legislation and economic environment.

12. Evaluation mechanism

The performance of the Board as a whole, Individual Directors and its Committees will be evaluated on a periodical basis keeping in view the objectives of the Company. The evaluation process will be used constructively as a mechanism to improve Board effectiveness. Performance is assessed based on clearly defined objective criteria. The appointment or re-appointment of Independent Directors on the Board shall be subject to the outcome of the evaluation process.

13. Directors & Officers Insurance Policy:

The Company has in place Directors and Officers Liability Insurance Policy in order to cover the risk arising from stakeholder claims against the Directors of the respective companies. The sum for which the risk cover is required to be taken is decided by the Board on an annual basis.

14. Professional Advice

Occasions may arise when the Board may wish to seek legal or financial advice in the furtherance of its duties. If it is considered necessary to take independent professional advice, then the Managing or Whole-time Director or Company Secretary or the Chief Financial Officer/Head of Finance of the Company may be directed to obtain such advice and provide copies of the same.

15. Separation

- a. Independent Directors may resign at any time by written communication to the Board.
- b. Continuation of their appointment is contingent on getting re-elected by the shareholders in accordance with the provisions of Companies Act, 201, Listing Agreement/SEBI (LODR) Regulations, 2015 and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.
