

## ROYAL ORCHID HOTELS LIMITED

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

[Pursuant to the provisions of Schedule IV to the Companies Act, 2013 and Clause 49 (II) (B) (4) of the Listing Agreement]

The broad terms and conditions of appointment of Independent Directors are as under:

#### **1. Appointment**

The appointment of Independent Directors are for a period mentioned in their respective Appointment Letter. The Independent Directors are not liable to retire by rotation. Re-appointment at the end of their tenure shall be considered by the Board of Directors ("the Board) based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation process, subject to the Directors continuing to meet the independence criteria. The Independent Directors may be nominated to be a Member or Chairman of any one or more Committees of the Board.

#### **2. Role, Duties and Responsibilities**

The duties and liabilities that come with the appointment as Independent Director would be as per the applicable laws, the Articles of Association of the Company and the Code of Conduct of Royal Orchid.

A. As Members of the Board, they along with the other Directors, will be collectively responsible for meeting the objectives of the Board which inter alia, include:

- Requirements under the Companies Act, 2013 , as amended or re-stated for the time being in force
- Responsibilities of the Board as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under the Listing Agreement as amended from time to time.
- Review Companies Strategies, financial plan and monitor the performance of the Company.
- Review management performance and compensation:
- Guiding and advising the management in their area of expertise.

- Safeguarding the interest of Stakeholders.
- Devote such time as is prudent and necessary for the proper performance of their roles, duties and responsibilities as Independent Directors.
- Review and decide on succession planning of executive officers of the Company:
- Monitor and manage potential conflicts of interests of the Management:
- Oversee and ensure the integrity of financial information and legal compliance:
- Set the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.
- Accountable under the Director's Responsibility Statement.

B. They shall comply with the Code of Conduct for Directors and Sr. Management of the Company and give a confirmation of acceptance of code of conduct on an annual basis.

C. They shall abide by the 'Code For Independent Directors' as outlined in Schedule IV to Section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including but not limited to Section 166) and in Clause 49 of the Listing Agreement.

D. They shall be abide by provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Code of Conduct for Prevention of Insider Trading, as amended from time to time, prohibiting disclosure or use of unpublished price sensitive information.

E. Unless specifically authorized by the Company, the Independent Directors shall keep confidential all information concerning the Company and shall not divulge or disclose the same to any person during the term of their appointment. Their obligation of confidentiality shall survive cessation of their directorships with the Company.

The Independent Directors, shall:

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising the duties;
- c) exercise their responsibilities in a bona fide manner in the interest of the Company;
- d) devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- e) not abuse their 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.

- f) refrain from any action that could lead to a loss of their independence;
- g) immediately inform the Board in respect of any event which makes losing the status of independent director;
- h) assist the Company in implementing the best corporate governance practices.

### **3. Remuneration**

The Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees payable shall be determined by the Board from time to time.

In addition to the sitting fees, the Independent Directors may also be paid a Commission, as may be determined by the Board, as recommended by the Nomination and Remuneration Committee after considering the performance of the Company and the performance and contribution of the Directors, as evaluated by the Board, subject to approval of shareholders and the Central Government, if required under the Act.

Further, the Company may reimburse the Independent Directors such expenditure, as may be incurred by them while performing their role as an Independent Director of the Company, including expenditure incurred by them for travel, accommodation or any out-of-pocket expenses for attending Board / Committee Meetings, General Meetings, Court Convened Meeting, meetings with Shareholders / Creditors / Management, site visits, induction and training programs.

### **4. Insurance**

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. The Company shall continue to maintain such insurance cover during the term of the Independent Directors appointment.

### **5. Training and Development**

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 hospitality Business.

The Company shall conduct familiarization programs for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,

- Familiarization with financial matters, management team and business operations.
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.
- Update on Statutory, Economic and Legal provisions applicable to the company and the industry.

## **6. Performance Appraisal / Evaluation Process**

As members of the Board, the performance of the Independent Directors 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 criteria for evaluation shall be disclosed in the Annual Report of the Company. The actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committees.

## **7. Disclosures:**

During the Term, they agree to promptly notify the Company of any change in their directorships, Memberships 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 Director of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

During their Term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, upon any change in circumstances which may affect their status as an Independent Director.

During the Term, they shall promptly intimate the Company Secretary and the Ministry of Corporate Affairs in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

## **8. Disengagement**

They 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 in the notice, whichever is later. Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the 2013 Act) upon:

- Violation of any provision of the Code of Conduct as applicable to Non-Executive Directors;
  - Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the 2013 Act or Clause 49 of the Listing Agreement
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