

8th August, 2019

1. Appointment

- 1.1 She has been appointed as a Non-Executive Independent Director on the Board of Directors of the Company with effect from 8th August, 2019, for a period of five years with subject to the approval by the members of the Company. Her appointment shall be governed by the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (**The “Listing Regulations”**) Her appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the Listing Regulations.
- 1.2 The term 'Independent Director' should be construed as defined under the Companies Act, 2013 and the Listing Regulations.
- 1.3 The Company has adopted the provisions with respect to the appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Regulations.
- 1.4 Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The disengagement earlier than five years will be in accordance with the provisions of the Companies Act, 2013 or on mutually agreed terms.
- 1.5 The provisions contained in the Companies Act, 2013 and the Listing Regulations will apply as regards performance evaluation of Independent Directors is concerned. The performance of Independent Directors shall be evaluated by the entire Board of Directors, excluding the Director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of her appointment as an Independent Director.

2. Committees

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

3. Time Commitment

- 3.1 As a Non-Executive Director, she is expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance.

The Board meets atleast four times in a year. The Audit Committee also meets atleast four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee which are ordinarily convened as per requirement. Ordinarily, all meetings are held at the Corporate Office of the Company. She will be expected to attend Board, Board Committees of which she is a member or to which she may be appointed and Shareholders meetings and to devote such time to her duties, as appropriate for her to discharge her duties effectively.

- 3.2 By accepting this appointment, she confirms that she is able to allocate sufficient time to meet the expectations from her role to the satisfaction of the Board.

4. Role and Duties

Her role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Regulations. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- 4.1 She will act in accordance with the Company's Articles of Association.
- 4.2 She will 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.
- 4.3 She will discharge her duties with due and reasonable care, skill and diligence.
- 4.4 She will not involve herself in a situation in which she may have a direct or indirect interest that conflicts or possibly may conflict with the interest of the Company. Please refer to clause 7 for full explanation on conflict of interest.
- 4.5 She will not achieve or attempt to achieve any undue gain or advantage either to herself or to her relatives, partners or associates.
- 4.6 She will not assign her office as Director and any assignments so made shall be void.

The Non-Executive Independent Directors are also required to abide by the provisions of 'Code for Independent Directors' as provided in Schedule IV of the Companies Act, 2013, a copy of which is annexed for ready reference.

5. Status of Appointment

- 5.1 She will not be an employee of the Company and this letter shall not constitute a contract of employment. She will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board and approved by the Shareholders from time to time.
- 5.2 The sitting fees, presently paid to the Non-Executive Independent Director is Rs. 2,500/- per meeting of the Board and of the Audit Committee.

6. Reimbursement of Expenses

In addition to the sitting fees, the Company will, for the period of her appointment, reimburse her for travel, hotel and other incidental expenses incurred by her in the performance of her role and duties.

7. Conflict of Interest

- 7.1 It is accepted and acknowledged that she may have business interests other than those of the Company. As a condition to her appointment, she is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of her appointment
- 7.2 In the event that her circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that she is independent, this should be disclosed to both the Chairman and the Secretary.

8. Confidentiality

All information acquired during her appointment is confidential to the Company and should not be released, either during her appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman/Whole-time Director unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request she shall surrender any documents and other materials made available to her by the Company.

Her attention is also drawn to the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code") relating to disclosure of price sensitive information and dealing in the securities of the Company. Consequently she should avoid making any statement or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Secretary.

9. Independent Professional Advice.

There may be occasions when she considers that she needs professional advice in furtherance of her duties as a Director and it will be appropriate for her to consult independent advisors at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

10 Disclosure of Interest

As Company is required to include in its Financial Statements a note on any material interest that a Director may have in any transaction or arrangement that the Company has entered into, such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record her interest appropriately and Company's records are updated. A general notice that she is interested in any contracts or arrangement with a particular person, firm or company is acceptable.

11. Termination

- a. She may resign from her position at any time and should she wish to do so, she is requested to serve a reasonable written notice to the Board.
- b. Continuation of her appointment is contingent on her getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. She will not be entitled to compensation if the shareholders do not re-elect her at any time.
- c. Her appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

12. Governing Law

This agreement is governed by and will be interpreted in accordance with Indian law and her engagement shall be subject to the jurisdiction of the Indian courts. If she is willing to accept these terms of appointment relating to her appointment as a Non-Executive Independent Director of the Company, kindly confirm her acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely

**For and on behalf of
Sudha Apparels Limited**

Company Secretary

CODE FOR INDEPENDENT DIRECTORS

SCHEDULE IV [See section 149(8)]

The Code is a guide to professional conduct for Independent Directors, Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors.

I. Guidelines of professional conduct:

An Independent Director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his 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;
- 6) not abuse his 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;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly ;
- 9) assist the company in implementing the best corporate governance practices.

II. Role and functions :

The Independent Directors shall:

- 1) 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;
- 2) bring an objective view in the evaluation of the performance of board and management ;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders , particularly the minority shareholders ;
- 6) balance the conflicting interest of the stakeholders ;
- 7) 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;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The Independent Directors shall-

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) 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;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they 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;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) 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;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) 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.

IV. Manner of appointment:

- 1) Appointment process of independent Directors shall be independent of the company management; while selecting Independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively .
- 2) The appointment of Independent Director (s) of the company shall be approved at the meeting of the shareholders .
- 3) 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 fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

- 4) The appointment of Independent Director s shall be formalised through a letter of appointment, which shall set out
 - a) the term of appointment ;
 - b) the expectation of the Board from the appointed director ; the Board-level committee(s) in which the director is expected to serve and its tasks ;
 - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d) provision for Directors and Officers (D and O) insurance, if any;
 - e) the Code of Business Ethics that the company expects its directors and employees to follow ;
 - f) the list of actions that a director should not do while functioning as such in the company ; and
 - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- 5) 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.
- 6) The terms and conditions of appointment of Independent Directors shall also be posted on the company's website .

V. Re-appointment:

The re-appointment of Independent Director shall be on the basis of report of performance evaluation .

VI. Resignation or removal:

- 1) The resignation or removal of an Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An Independent Director who resigns or is removed from the Board of the company shall be replaced by a new Independent Director within a period of three months from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

VII. Separate meetings :

- (1) The Independent Directors of the company shall hold at least one meeting in a financial year without the attendance of non-Independent Directors and members of management ;
- (2) All the Independent Directors of the company shall strive to be present at such meeting

(3) The meeting shall:

- (a) review the performance of non-Independent Directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director