



AVCL/F&A/2020-21/1096

31st October 2020

Letter of Appointment of Independent Director

Mr. Ramani Vidhya Shankar
152, Kalidass Road,
Ram Nagar,
Coimbatore,
TAMIL NADU, 641009
India

Dear Sir,

Hearty welcome to the Board of Directors of Anugraha Valve Castings Limited [“the company”] as the Independent Director of the Company.

We are pleased to inform you that your appointment as ‘Additional Director’ in ‘Non-Executive Independent Director’ category has been confirmed by the Nomination and Remuneration Committee and the Board of Directors vide their meeting held on 30th October 2020.

This letter of appointment sets out the terms and conditions of your appointment which are as follows:

1. Appointment & Tenure:

Your appointment is subject to shareholders’ approval at the upcoming Annual General Meeting proposed to be held on 26th November 2020, wherein your tenure shall be confirmed as the Independent Director of the Company in

accordance with the provisions of Section 149(6) of Companies Act, 2013 and rules therein, for a period of five years with effect from 31st October 2020 to 30th October 2025.

As an Independent Director, your office will not be liable to retire by rotation.

2. Committees:

The Board of Directors vide their meeting held on 30th October 2020 have confirmed your appointment as a member of Audit Committee and Nomination and Remuneration Committee of the Company with effect from 31st October 2020 to derive benefit from your varied experience. You shall strive to adhere to the terms of reference chartered for these committees by the Board of directors of the company.

3. Roles and Responsibilities:

As the Independent director of the company, your roles, responsibilities, duties and obligations shall be in accordance with the provisions of Companies Act, 2013. As an Independent Director of the Company you shall have the same responsibility like any other Director on the Board. However, you shall be held liable in respect of such acts of omission or commission of the Company which had occurred with your knowledge attributable through Board process and with your consent or connivance or where you had not acted diligently.

As required in Section 166 of Companies Act, 2013, you shall:

- a) abide by the articles 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
- c) exercise your duties with due and reasonable care, skill and diligence and exercise independent judgment.
- d) not involve in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- e) not achieve or attempt to achieve any undue gain or advantage either to self or to his relatives, partners, or associates.



f) not assign your office to any other person.

You shall be required to abide by the Code for Independent Directors as detailed in Schedule IV of the Companies Act, 2013. For your reference we have enclosed the extract of the Schedule in **Annexure A**.

4. Sitting Fees

During your tenure, you will be eligible for sitting fees of Rs.20,000/- for attending board meetings, Rs.3,000/- for attending Audit committee meeting and Rs.1,500/- for attending Nomination and Remuneration Committee meeting. Sitting fees may be subject to revision by the Board of directors. You can claim travelling and incidental expenses incurred for attending the meetings of the Board / Committees / Shareholders, if any, conducted outside Coimbatore, Tamil Nadu.

We would appreciate your participation and look forward to your value addition and contribution at all the meetings of the company including the separate meeting of independent directors and general meetings.

5. Compliance & Disclosure requirements:

You shall ensure that you always abide by the requirements of independence as defined in Section 149(6) of the Companies Act, 2013 read with Rule 5 and 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014.

You shall adhere to the minimum and maximum number of directorship and committee positions as prescribed under applicable laws governing the company and shall intimate any changes therein from time to time.

You shall make all disclosures to the Board of directors and the company as per the provisions of laws applicable to the company and intimate the company from time to time about change of interest or concern, or change in your status as an Independent director, if any. Kindly provide a declaration of independence enclosed in **Annexure B** confirming your adherence to the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.



6. Rights & Privileges

You shall have all the rights and privileges as a director of the company as prescribed under the Companies Act, 2013.

7. Conflict of interest

As a precondition to your appointment and during your tenure with the company you would be required to disclose your concern or interest in other entities or persons and also any resulting conflict of interest that may arise while transacting the businesses of the company to the Board of directors. In the event that your circumstances seem to be at conflict of interest with the interests of the company or its stakeholders, the Board may revise its judgement about your independence. Disclosures of such nature shall be made to the Chairman & Managing Director at the earliest possible and within a practical timeline.

8. Confidentiality

You acknowledge that all information acquired during your term of appointment with the Company is confidential and no information shall be released, communicated nor disclosed, either during your appointment or following your termination of office (by whatever means) to third parties without prior clearance from the Chairman & Managing Director of the company or as required under any laws applicable to the company. On reasonable request, you shall surrender any confidential documents or materials which were made available to you by the company in the course of decision-making process.

9. Insurance

You shall be provided with a Directors and Officers liability insurance cover during your tenure of office with the company.

10. Performance Appraisal & Reappointment:

Upon expiry of your first term, your reappointment shall be subject to performance appraisal by the Nomination and Remuneration Committee and Board of directors of the Company and your reappointment would be subject to fresh approval of shareholders. Outcome of the evaluation process shall be duly communicated to you.



11. Termination

Your termination shall be governed by the provisions of Companies Act, 2013. In case of resignation from office you are required to serve a written notice to the Board.

12. Governing Law

This letter of appointment is governed by and will be interpreted in accordance with laws in India and your engagement shall be subject to the jurisdiction of the Courts in Tamil Nadu.

By accepting the appointment as stated above, you confirm that you would be able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board of directors of the company and its stakeholders.

Please confirm the terms of appointment indicated in this letter as the Non-Executive Independent director of the company by signing and returning the enclosed copy of this letter with declaration of acceptance of terms and conditions of appointment.

Yours sincerely,

For Anugraha Valve Castings Limited,



R Baskaran,
Chairman & Managing Director
DIN: 00002341

**DECLARATION OF ACCEPTANCE OF TERMS AND CONDITIONS OF
APPOINTMENT**

I have read and understood the terms of my appointment as the Non-Executive Independent Director of the company and I hereby affirm my acceptance to the same.

ⓧ R. Vidhya Shankar

Signature

Date:

Place: Coimbatore

Name: Ramani Vidhya Shankar

DIN : 00002498

ANNEXURE A

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment 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) act 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 directors 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.

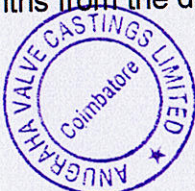
V. Re-appointment:

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 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.



ANNEXURE B
DECLARATION OF INDEPENDENCE

From

Ramani Vidhya Shankar
152, Kalidass Road,
Ram Nagar,
Coimbatore,
Tamil Nadu, 641009
India

To

The Board of directors
Anugraha Valve Castings Limited
S.F.No. 391/2, S G Pudur,
Arasur, Coimbatore – 641 407

Dear Sirs,

Sub: Declaration as an Independent Director

I hereby certify that I am eligible to hold the position of a Non-Executive Independent Director on the Board of directors of Anugraha Valve Castings Limited with effect from 31st October 2020 and I confirm that I meet all the requirements prescribed under Section 149(6) of the Companies Act, 2013.

Date: 31.10.2020

Place: Coimbatore

R. Vidhya Shankar
Signature

Name: Vidhya Ramani Shankar

DIN: 00002498