

ANDHRA CEMENTS LIMITED
TERMS AND CONDITIONS OF APPOINTMENT OF
INDEPENDENT DIRECTORS

1. APPOINTMENT & TENURE

Independent Directors appointment will be for a period of 3 (three) consecutive years, unless vacated and/or terminated earlier, as per provisions of the applicable laws. This tenure is subject to Independent Directors meeting the criteria for being an Independent Director and not being disqualified to be a Director under applicable laws on a continuous basis.

Independent Directors are not liable to retire by rotation.

Independent Director Appointment and contribution of office is subject to the applicable provisions of the Act and the SEBI (LODR) Regulations, 2015.

2. BOARD COMMITTEES

As advised by the Board, during the tenure of office, Independent Directors may be required to serve on one or more Committees of the Board constituted by the Company ("Committees"). Consequent upon Independent Directors appointment to one or more Committees, Independent Directors will be provided with the terms of reference of the relevant Committee.

Currently the Board has the following Committees:

- (i) Audit Committee;
- (ii) Risk Management Committee,
- (iii) Stakeholders Relationship Committee,
- (iv) Nomination & Remuneration Committee,
- (v) Finance Committee,

Besides being member of some Committees of the Board at present, the Board may invite Independent Directors for being appointed on one or more existing Board Committees as specified above or any such Committee that may be set up in the future.

Independent Directors will be informed separately, about the Committee(s) on which Independent Directors have been nominated, and thereafter, from time to time whenever there is a change.

3. TIME COMMITMENT

Independent Directors are expected to bring objectivity and independence of view to the Board's deliberations and to help the Board with effective overview of the Company's strategy, performance, social commitments and risk management and ensure high standards of financial integrity and governance. Independent Directors are required to perform the duties expected from Independent Directors including (without limitation) attending Board/Committee meetings of which Independent Directors are a member and shareholders meetings and to devote such time, as appropriate, for Independent Directors to discharge Independent Directors responsibilities and duties effectively.

4. ROLE & DUTIES

Independent Directors role and duties will be as set out under the Act, and the SEBI (LODR) Regulations, 2015 including but not limited to the fiduciary duties associated with the office of an independent director. As an Independent Director (and without prejudice to the roles, functions and duties specified in Schedule IV of the Act), Independent Directors shall:

- (i) act in accordance with the Articles of Association (AOA) of the Company;
- (ii) act in good faith in order to promote the objectives of the Company for the benefits of its members as a whole and in the best interest of the Company;
- (iii) discharge responsibilities and duties with due and reasonable care, skill and diligence by exercising independent judgment;
- (iv) Strive to attend every meeting of the Board and its Committee(s) of which Independent Directors are a member and general meetings;
- (v) Strive to attend any other meetings, where Independent Directors attendance is solicited;
- (vi) Provide strategic direction and also act as a constructive critic in evaluating the proposal and plans on strategic direction;
- (vii) evaluate and scrutinize the performance of the management in meetings agreed goals and objectives;_
- (viii) satisfy Independent Directors on the integrity of financial information and that financial controls and systems of risk management are robust and compliant with applicable laws;
- (ix) keep Independent Directors well informed about the company and the external environment in which it operates; and
- (x) ensure that the vigil mechanism policy of the Company is implemented and report concerns about any unethical behavior, actual or suspected fraud or violation of the Code of Conduct (as defined below).

5. ADHERENCE TO THE CODE OF CONDUCT

During your tenure as an Independent Director of the Company, Independent Directors are required to comply and abide with the provisions of the Act and the SEBI (LODR) Regulations, 2015 including the following:

- (i) Code for Independent Directors outlined in Schedule IV of the Act and duties of Directors as provided in the Act including Section 166 of the Act and Clause 49 of the Listing Agreement;
- (ii) Code of Conduct for Board and Senior Management framed under the SEBI (LODR) Regulations, 2015; and
- (iii) Policy for Prevention of Insider Trading framed by the Company under the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("Insider Trading Code").

6. PROFESSIONAL CONDUCT AND CONFLICT OF INTEREST

- (i) Independent Directors are also required to ensure that Independent Directors do not participate in or vote at any meetings of the Board/Committees wherein Independent Directors are an interested director;
- (ii) Independent Directors shall not achieve or attempt to achieve any undue gain or advantage either for Independent Director or for Independent Director relatives, partners, or associates;
- (iii) Independent Directors shall not allow any extraneous considerations to vitiate Independent Director exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring with or dissenting from the collective judgment of the Board in its decision making;
- (iv) Independent Directors shall not abuse Independent Directors position to the detriment of the Company or its shareholders;
- (v) Independent Directors shall not unfairly obstruct the functioning of the Board or Committee meeting(s);
- (vi) Independent Directors shall not put Independent Directors self in a position which results in a direct or indirect conflict of interest or possible conflict of interest with the Company; and
- (vii) Independent Directors shall not assign Independent Director Office of an Independent Director and any assignments so made shall be void.

7. CONFIDENTIALITY

- (i) All information including commercial secrets, technologies, advertising and sales promotion plans related to the Company and / or Group that is acquired by Independent Directors or provided to Independent

Directors during Independent Director tenure is confidential to the Company and should not be released/ disclosed either during Independent Director tenure or following termination (by whatever means) to third parties without prior authorization by the Board, unless such release/disclosure is required by law or by the rules of any stock exchange or regulatory body/authority. Accordingly, Independent Directors are expected to maintain all agenda, notes, data, records and other documents in any way relating to the Company or the Company's business interest, as highly confidential and maintain them as inaccessible to others;

- (ii) Independent Directors Attention also drawn to the requirements under the applicable regulations and the Insider Trading Code in relation to the disclosure of unpublished price sensitive information and dealing in the securities of the Company. Consequently, Independent Directors should avoid making any statements or performing any transaction that might risk a breach of these requirements without prior clearance from the Board; and
- (iii) At all times and notwithstanding Independent Director ceasing to be an independent Director of the Company, Independent Directors are expected not to use such information for personal or professional benefit or disclose such confidential information to third parties who may use the same for their personal or professional benefit, or otherwise engage in any activity that would constitute insider trading.

8. DISCLOSURES OF INTEREST

- (i) It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition of Independent Directors appointment, required to submit various disclosures/declarations under applicable laws and as per Company's policies including declarations with respect to any directorships, appointments and interests to the Board in writing. In no event Independent Directors will serve as an Independent Director in more than seven listed companies including the Company and if Independent Directors were to be appointed as a whole time director in any listed company, Independent Directors will not serve as an Independent Director in more than three listed companies including the Company. Further, in no event Independent Directors shall hold directorship in companies beyond the limits specified in Section 165 of the Act;
- (ii) During the term of Independent Directors appointment, agree to promptly notify the Company of any change in Independent Director directorships and provide such disclosure and information as may be required under the applicable laws; and

- (iii) Independent Directors shall refrain from any action that would lead to loss of Independent Director Independence. In the event that Independent Director Circumstances seem likely to change which might give rise to conflict of interest or such change in Independent Director Circumstances could lead the Board to revise its judgment regarding Independent Director Independence, such changes or possible changes in Independent Director Circumstances should be disclosed to the Board promptly.

9. EVALUATION

The performance of the member of the Board shall be evaluated on an annual basis. The performance evaluation of independent directors shall be done by the entire Board, excluding the director being evaluated. Independent Directors continuation/ re-appointment on the Board shall be subject to the outcome of the annual evaluation process.

10. INDEPENDENT DIRECTOR'S MEETING

A separate meeting of the Independent Directors will be held at least once every year without the attendance of the non-independent directors and the members of the management. The Company expects all the Independent Directors to strive to be present at this meeting.

The meeting shall:

- (a) Review the performance of non-independent directors and the Boards 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 timelines of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

11. LIABILITY UNDER THE ACT

Pursuant to the provisions of the Act, an Independent Director will be liable only in respect of such omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes and with his/her consent or connivance or where he/she had not acted diligently.

12. DIRECTORS AND OFFICERS (D&O) LIABILITY INSURANCE POLICY

The Company proposes to have a Directors and Officers (D&O) liability insurance policy in place, with aggregate amount of Rs. 100 crore (Rupees One

Hindered Crore only}}, under which all directors of the Company would be covered.

13. REMUNERATION

As an Independent Director on the Board, Independent Directors shall be entitled to:

- (i) Sitting fee as may be decided/ modified by the Board from time to time, for attending each Board meeting and meetings of the Committee(s) thereof.
- (ii) The Company may pay or reimburse such fair and reasonable expenditure, as may have been incurred by Independent Directors while performing Independent Directors role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by Independent Directors for attending Board/Committee meetings, General Meetings, court convened meetings, meetings with shareholders/ creditors/management, site visits, induction and training organized by the Company for its directors, in the furtherance of Independent Director Duties as an Independent Director.

14. TERMINATION

- (i) Independent Directors may resign from Independent Director Position at any time by giving a notice in writing to the Company stating reasons of resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date if any specified by Independent Directors in the notice, whichever is later.
- (ii) Independent Directors shall cease to hold office of Independent Director if Independent Directors fail to meet the criteria for an Independent Director mentioned in the Act and/or the SEBI (LODR) Regulations, 2015 and/or if otherwise disqualified and Independent Directors shall forthwith intimate the Company of such an event. In such an event, Independent Directors agree to promptly submit Independent Director Resignation to the Company with effect from date of such change.
- (iii) The Company can also terminate Independent Directors Director-ship in accordance with the procedure set out in Section 169 of the Act. Apart from the grounds of termination as specified in the Act, Independent Director Director-ship may be terminated for violation of any provisions of this appointment letter.

15. CO-OPERATION

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on Independent Director part during Independent Director term, Independent Directors agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably required by the Company or its counsels, during or after Independent Director tenure with the Company.

16. PUBLICATION OF THE LETTER OF APPOINTMENT

In line with the provisions of the Act, the Company shall make public, the terms and conditions of Independent Director Appointment and will also arrange for it to be displayed on the website of the Company and the stock exchanges on which its securities are listed.

17. CHANGES IN PERSONAL DETAILS

During Independent Director Term as an Independent Director, Independent Directors shall promptly intimate the Company in the prescribed manner, of any change in address or other contact or personal details provided by Independent Directors to the Company.

18. GENERAL

This letter and any non-contractual obligations arising out of or in connection with this letter are governed by and shall be construed in accordance with, the laws of India and the parties agree to submit to the exclusive jurisdiction of the courts in Delhi.

We are confident that the Board and the Company will benefit immensely from Independent Directors rich experience and expertise and we look forward to Independent Directors Association with us as an integral part of our Company.