



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

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The terms and conditions of appointment of the following Independent Directors are subject to the extant provisions of the (i) applicable laws, including the Companies Act, 2013 ('2013 Act') and the provisions of the Listing Agreement and (ii) Articles of Association of the Company.

The broad terms and conditions of the appointment of Independent Directors of the Company are reproduced hereunder:

### **1. General**

- a) During the tenure as Independent Director, they will have to submit a declaration at the beginning of every Financial Year under Section 149(7) of the Companies Act, 2013 ("Act") stating that they meet the criteria of Independence.
- b) So long as they are Independent Director of the Company, the number of companies in which they hold office as a Director or a chairman or committee member will not exceed the limit stipulated under the Act and the Listing Agreement.
- c) So long as they are an Independent Director of the Company, they will ensure that they do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
- d) The Independent Directors will ensure compliance with other provisions of the Act and the listing Agreement as applicable to them as an Independent Director.
- e) During the tenure as Independent Director, any non-compliance to (b), (c) & (d) stated above must be reported to the Board immediately.

### **2. Term of Appointment**

The term of appointment to the office of non-executive Independent Director of the Company shall be for a first term of consecutive 5 years from the date of appointment. Any further re-appointment for another term of 5 years shall be based on recommendation of the Nomination & Remuneration Committee and subject to approval of the Board and the Shareholders. The re-appointment would be considered by the Board, based on the outcome of the performance evaluation process and continuing to meet independence criteria.

The Independent Directors will not be liable to retire by rotation.

### **3. Board Committee**

The Board may, if it deems fit, invite the Independent Director for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. The appointment on such Committee(s) as Chairperson / member shall be subject to the applicable regulations.

The Independent Directors are expected to attend meetings of the Board of Directors, Committees of the Board to which they are members, and the Shareholders’.

#### **4. Role, Duties and Responsibility**

The roles, responsibilities and the duties will be those normally required of a Non-Executive Independent Director under the Act and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act.

In addition to the above requirements, the Independent Directors are also required to discharge the duties, roles and responsibilities, applicable to the Independent Directors as stated under the **Schedule IV** to the Act (**Annexure-A**), as may be amended from time to time. While performing such duties, roles, responsibilities and functions, the Independent Directors will be required to abide by the ‘Guidelines of Professional Conduct’ as stated under the said Schedule.

The Independent Directors are expected to stay updated on how best to discharge their roles, responsibilities and duties, as Independent Director of the Company under the applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.

As Director of the Company, the Independent Directors are expected to:

- (a) take decisions objectively and solely in the interests of the Company;
- (b) facilitate Company’s adherence to high standards of ethics and corporate behavior;
- (c) guide the Board in monitoring the effectiveness of the Company’s governance practices and to recommend changes, required if any;
- (d) guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions;
- (e) guide the Board in ensuring the integrity of the Company’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

#### **5. Induction and Development**

The Company shall, if required, conduct formal induction program for its Independent Directors which may include the following:

- a) Board roles and responsibilities, whilst seeking to build working relationship among the Board members,

- b) Company's vision, strategic direction, core values, ethics and corporate governance practices,
- c) Familiarization with financial matters, management team and business operations,
- d) Meetings with stakeholders, visits to business locations and meetings with senior and middle management.
- e) Support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business.
- f) Make arrangement for training on all matters which are common to the Board.

## **6. Time Commitment**

Considering the nature of the role of a Director, it is difficult for a Company to lay down specific parameters on the time commitment. By accepting this appointment, the Independent Directors agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director

## **7. Directors & Officers (D&O) Insurance**

In case it is considered necessary by the Board, SPML India shall procure a Directors' and Officers' (D&O) Liability Insurance which covers the Independent Directors. The Company will use its best endeavor to retain in any renewed D&O policy a clause permitting the Independent Directors to notify claims for an extended period following non-renewal of D&O cover.

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

As a member of the Board, the performance of the Independent Directors as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each Director shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

## **9. Disclosures, other Directorships and Business Interests**

During the Term, the Independent Directors agree to promptly notify the Company of any change in their Directorships 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 Company.

By accepting this letter of appointment, they hereby confirm that as on date of this letter, they do not have any conflict of interest issues with their existing Directorships, if any.

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

#### **10. Changes of Personal Details**

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

#### **11. Fees / Remuneration**

The Independent Directors will be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time, subject to approval of the shareholders, if required.

Further, the Company may pay or reimburse to them such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company.

#### **12. Termination**

The Directorship of the Independent Directors on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, the Directorship may be terminated for violation of any provision of the Code of Conduct of the Company.

Further, they may also 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 by them in the notice, whichever is later.

If, at any stage during the Term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, they fail to meet the criteria for “independence” under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, they agree to promptly submit their resignation to the Company with effect from the date of such change.

#### **13. Cooperation**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on their part during their term, they agree to render every reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

#### **14. Confidential Information**

By virtue of being Director of the Company, they shall have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights, including trade secrets (“Confidential Information”).

They will apply the highest standards of confidentiality and not disclose to any third party, whether during the course of the tenure as Independent Director or at any time after its cessation, any confidential information concerning the Company including any subsidiary or associate thereof.

If any Confidential Information is required to be disclosed by them in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

#### **15. Miscellaneous**

(a) Shall abide by the provisions of Insider Trading as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the copy of the same may be provided on their request to the Company Secretary of the Company.

(b) This letter represents the entire understanding, and constitutes the whole agreement, in relation to their appointment and supersedes any previous agreement between themselves and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied by law or by custom.

(c) No waiver or modification of this letter shall be valid unless made in writing and signed by them and the Company.

(d) As per Regulation 46 of (Listing Obligations and Disclosure Requirements) Regulations, 2015, this letter along with their detailed profile shall be disclosed on the website of the Company and the relevant Stock Exchange.

## **Annexure-A**

### **Code for Independent Directors**

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) Acting within his 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.