

## **SAINIK FINANCE & INDUSTRIES LIMITED**

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

#### **1. Appointment:**

The Company has adopted the requirements under the provisions of the Companies Act, 2013 (“Act”) including Rules made there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as modified, amended or substituted from time to time and as may be applicable with respect to appointment and tenure of Independent Directors.

An Independent Director shall not be liable to retire by rotation in terms of the provisions of the Act.

An Independent Director will not serve for more than two terms of five years each on the Board of the Company subject to the maximum tenure of ten years as prescribed under the Act.

Appointment for the second term as an Independent Director shall be based on the recommendation of the Nominations & Remuneration Committee of the Board and subject to approval of the Board of Directors (the “Board”) and of the Shareholders by way of special resolution. The re-appointment would be considered by the Board based on evaluation of the performance and further subject to satisfying the requisite criteria of Independence as specified in the Act.

The appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Act.

The term of Independent Director should be construed as defined under the Act.

#### **2. Committees:**

The Board may invite any of the Independent Directors for being appointed on one or more existing Board Committees or any such Committee that will be set up in the future. The appointment on such Committee(s) will be subject to the applicable provisions of the laws / regulations. The Board may reconstitute the composition of any / all the Committees, from time to time, and any such change shall be promptly communicated to the concerned Independent Director.

#### **3. Role and Duties:**

The role and duties of the Independent Directors will be those as prescribed under the Act including Rules made there under, Guidelines / Circulars issued by the the Securities and Exchange Board of India (“SEBI”) / Stock Exchanges and Notifications / Circulars / directions issued by the Reserve Bank of India, as modified, amended or substituted from time to time and as may be applicable. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are broadly as under:

- Director shall 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 and all its stakeholders.
- Director shall discharge their duties with due and reasonable care, skill and diligence.
- Director shall not involve in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- Director shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
- Director shall not unfairly obstruct the functioning of the Board or any Committee of the Board;
- Director shall act within their authority and assist in protecting the legitimate interest of the Company, its shareholders, its employees and all other stakeholders;
- In addition all the Independent Directors shall abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act;
- Director shall not disclose any confidential / privileged information of the Company, unless such disclosure is expressly approved by the Board or required by law;
- In addition to the Act, Director shall, at all time be abide by various provisions issued by the Securities and Exchange Board of India, and such other statutory provisions applicable on the Company.

#### **4. Remuneration:**

The Independent Directors 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 from time to time in accordance with the limits prescribed under the Act and rules made thereunder.

Further, Independent Directors may also be paid remuneration, if any, by way of commission as may be approved by the Board and the Shareholders from time to time.

Independent Directors will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

#### **5. Reimbursement of Expenses:**

In addition to the remuneration described above, the Company shall reimburse actual cost incurred for travel, hotel and other incidental expenses incurred by the directors for participation in the meeting of the Board and Committees thereof in the performance of their role and duties.

#### **6. Independent Professional Advice**

There may be occasions when Independent Director needs professional advice in furtherance of their nm duties as a Director and it will be appropriate for him to consult independent advisers at the Company's expense. The Company will at its sole discretion may reimburse full or part of the expenditure incurred.

#### **7. Code of Conduct :**

The Board has put in place a Code of Conduct Policy. All the Independent Directors shall comply with the said Code.

The Independent Directors are also required to comply with the Company's Code for Prevention of Insider Trading, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the relevant provision under the Act.

Director's obligation to maintain confidentiality shall survive even after termination or cessation of directorship with the Company.

#### **8. Performance Evaluation:**

The performance of all the Directors and the entire Board shall be evaluated annually. Evaluation of Independent Directors shall be done by the Board and criteria for evaluation shall be determined by the Nomination & Remuneration Committee of the Board. The appointment / re-appointment / continuation of Independent Directors on the Board shall be subject to the outcome of the yearly evaluation process.

#### **9. Disclosures, Conflict of Interest:**

The Independent Directors, during their tenure of appointment are expected to promptly notify the Company of any change in the other Directorships and also provide such other disclosures and information as may be required under the applicable laws. Upon becoming aware of any potential conflict of interest with the position of Independent Directors of the Company, they should promptly disclose the same to the Chairman / Chairperson and / or the Company Secretary.

The Independent Directors, during the tenure of their appointment, should promptly provide a declaration to the Company under Section 149(7) of the Act, upon any change in circumstances, which may affect the status as an Independent Director in addition to the annual disclosure.

#### **10. Termination:**

An Independent Director may resign from his / her position at any time by serving reasonable written notice to the Board of Directors.

Continuation of his / her appointment is contingent on his / her getting re-elected by the shareholders' in accordance with provisions of the Act and the Articles of Association of the Company, from time to time in force. He / she will not be entitled to compensation if the shareholders do not re-elect him / her at any time.

The appointment of Independent Directors may also be terminated or ceased in accordance with the provisions of the laws applicable to the Company and Articles of Association of the Company from time to time in force.

#### **11. Changes in Personal details:**

During the tenure of appointment, the director shall promptly inform the Company Secretary or the Registrar of Companies in the prescribed manner of any change in address or contact details or personal details provided to the Company at the time of appointment.

## **12. General:**

The appointment of Independent Directors is governed by and will be interpreted in accordance with Indian law and is subject to the provisions of the Act and any Regulations / Circulars issued, amended, modified or replaced by the statutory bodies including Securities and Exchange Board of India, Ministry of Corporate Affairs, etc.

Note: These are the general terms and conditions of appointment of Independent Directors which are subject to modification / amendment.