

## **TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS OF THE SOUTH INDIA PAPER MILLS LIMITED**

### **A. TERM OF APPOINTMENT :**

1.The Appointment of Independent Directors is for a term of five (5) consecutive years, with effect from ----- and expiring at the end of the business day on -----.

1.1 Independent Directors will not be liable to retire by rotation

1.2 The appointment is subject to approval by the shareholders of the Company in the ensuing Annual General Meeting as per the provisions of the Companies Act, 2013.

1.3 The term Independent Director should be construed as defined under the companies Act, 2013 read along with Schedule IV and the Listing Agreement

1.4 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

1.5 During the tenure as an Independent Director, Independent Directors may be requested to serve on one or more of the Board committees, from time-to time. The appointment on such Committee(s) will be subject to the applicable regulations.

### **B.EXPECTATION OF THE BOARD FROM THE APPOINTED DIRECTOR:**

As a Non-Executive Independent Director he / she is expected to:

- bring objectivity and independence of view to the Board's discussions
- provide the Board with effective leadership in relation to the Company's strategy performance, and risk management and balanced decision-making
- ensure high standards of integrity, financial probity and corporate governance
- attend Board Meetings and meetings of Committees to which you may be appointed and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

### **c. FIDUCIARY DUTIES AND ACCOMPANYING LIABILITIES:**

The role and duties will be those required of a Non-Executive Independent Director under the Companies Act, 2013 and the listing Regulations. There are certain duties prescribed which are fiduciary in nature and are as under

- I. The Director shall act in accordance with the Company's Articles of Association

- II. The 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;
- III. The Director shall discharge your duties with due and reasonable care skill and diligence;
- IV. The Director should scrutinise the performance of the management, in meeting agreed goals and objectives and monitor the reporting of performance;
- V. The Director should satisfy yourself on the integrity of financial information and that financial control and systems of risk management are robust and defensible;
- VI. The Director ensure governance and compliance with the applicable legislation and regulations under review;
- VII. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- VIII. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- VII. The Director should ensure that adequate deliberations are held before approving related party transactions and that the same are in the interest of the company;
- VIII. The Director's shall safeguard the interests of all stakeholders'
- IX. The Director's shall balance the conflicting interest of the stakeholders

#### **D. DIRECTORS AND OFFICER's (D AND O) INSURANCE:**

The Company, at present, does not hold any insurance policy for the Directors and Officers of the Company

#### **E. CODE OF BUSINESS ETHICS:**

- Conflict of interests

It is accepted and acknowledged that the Independent Director's may have business interests other than those of the Company. The Independent Directors are requested to declare any such directorships, appointments and interests to the Board in writing in the prescribed form.

Based on disclosures of directorships by Independent Directors etc., the Company acknowledges business interests that Independent Directors have or engaged into other than their association as an Independent Director with the Company. In the event Independent Directors may become aware of any potential conflicts of interest qua their directorship, the Company would expect Independent Directors to disclose to the Board of Directors of such conflict of interest situation as soon as possible.

During the Appointment, directorships of Independent Directors in other companies will be subject to the limits as prescribed under the Companies Act, 2013 (the Act) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR Regulations), from time-to-time. Further, Independent Directors may inform the Company prior to accepting any other (or

further) directorships of publicly quoted companies or any major external appointments, to avoid any conflict of interest with their current position in the Company.

- Code of Conduct & other compliances

1.1 During the Appointment, Independent Directors will comply with the provisions of applicable laws including the Code for Independent Directors as stipulated under Schedule IV of the Act, Code of Conduct for Insider Trading and Code of Conduct for Directors and Senior Management of the Company and such other requirements as the Board of Directors may specify or otherwise applicable under applicable laws to directors from time-to-time.

1.2 Independent Directors are required to comply with the Company's Insider Trading Code of Conduct. This code inter alia prohibits the Directors from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell) from the Compliance Officer of the Company, if the market value of Securities is expected to involve in the Trade or series of Trades over any calendar quarter, in aggregate, exceeds Rs. 10 Lakhs.

1.3 At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect the status of Independent Directors as an independent director, the Company expects Independent Directors to furnish a declaration to the effect confirming that they meet the criteria of independence as provided in Section 149 (6) of the Act and under Regulation 16(1)(b) of LODR Regulations.

- Confidentiality

1.1 Independent Directors will maintain highest standards of confidentiality and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination) any confidential information concerning the Company with which they come into contact by virtue of their position as a Non-Executive Independent Director of the Company, without prior clearance from the Managing Director unless required by law or by the rules of any statutory or regulatory body

1.2 On reasonable request, the Independent Director shall surrender any documents and other materials made available to you by SIPM Limited, after the expiry of the term of Appointment of Independent Directors, which is in their possession, custody or power by virtue of their position as a Non-Executive Independent Director of the Company.

1.3 It is accepted that Director's will be in a position to act on behalf of the company with honesty, transparency and integrity and shall report concerns about unethical behaviour, actual or suspected fraud of the Company's code of conduct.

**F. BY ACCEPTING THIS APPOINTMENT THE DIRECTOR ACKNOWLEDGES THAT:**

- He / She shall not involve himself / herself in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company as explained in one of the above clauses
- He / She shall not achieve or attempt to achieve any undue gain or advantage either to Himself/herself or their relatives, partners or associates.
- He/She shall not assign their office as Director and any assignments so made shall be void.

**G. REMUNERATION :**

1.1 The Independent Director will not be an employee of the Company. 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

1.2 The sitting fees presently paid to the Non-Executive Independent Director is Rs 10,000/- per meeting of the Board or a Committee thereof

1.3 Non Executive Directors are paid commission not, exceeding 1% (aggregate for all Non Executive Directors) of the net profits of the Company computed as per the Companies Act 2013. The commission shall be shared among all the Non Executive Directors in proportion to the period of holding directorship in that financial year.

1.4 Apart from the remuneration described above, the company will, for the period of their appointment, reimburse the travel expenses incurred by the Independent Director for participation in the Board and other meetings of the Company.

**H. SEPARATE MEETINGS:**

It is expected that the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

All the independent directors of the Company shall strive to be present at such meeting. The meeting shall:

- i. review the performance of non-independent directors and the Board as a whole;
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

## **I. PERFORMANCE REVIEW PROCESS**

The performance of individual Director will be evaluated by the Board/Remuneration & Nomination Committee from time-to-time in accordance with the provisions of the Act & LODR Provisions. Independent Directors re-appointment (if any) will be based on the report of performance evaluation by the Board/ Remuneration & Nomination Committee.

## **J. RETIREMENT / RESIGNATION / TERMINATION :**

1.1The age of retirement for all Non-Executive Directors is 75 years. The Board may, upon the recommendation of the Nomination & Remuneration Committee, in exceptional and deserving cases, request such retiring Non-Executive Director to consider continuation on the Board on the terms as may be recommended by it and approved by the shareholders.

1.2Independent Directors may resign from their position at any time and should Independent Directors wish to do so, Independent Directors are requested to serve a reasonable written notice to the Board.

1.3Continuation of Independent Directors appointment is contingent on Independent Directors getting re-elected by the shareholders in accordance with provisions of the Act, LODR Regulations and the Articles of Association of the Company, from time to time in force. Independent Directors will not be entitled to any compensation if the shareholders do not re-elect them at any time.

1.4Independent Directors appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company