

S&S POWER SWITCHGEAR LIMITED
TERMS AND CONDITIONS OF APPOINTMENT OF
INDEPENDENT DIRECTORS OF THE
COMPANY

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The following are the key terms and conditions of appointment of Independent Directors of the Company:

1. TERM OF APPOINTMENT

- a) The term of appointment of the Independent Directors on the Board will be, subject to the provisions of applicable statutes, rules, regulations or guidelines, for a term as may be approved by the shareholders of the Company based on recommendation of Nomination & Remuneration Committee;
- b) The Independent Directors will not be liable to retire by rotation;
- c) Non-Executive Independent Directors are not permitted to serve for more than two terms of five years each. Re-nomination and re-appointment as Non-Executive Independent Director at the end of tenure will be at the discretion of the Board of the Company and shall be contingent upon satisfactory report of Director's performance;
- d) The Independent Directors may resign as a Director of the Company at any time upon giving notice in writing, providing reasons for resignation and addressing the same to the Board.

2. APPOINTMENT ON THE COMMITTEES OF THE BOARD

The Independent Directors may be required to serve on one or more Board Committees as may be decided by the Board from time to time. The role of these Board Committees would be as such as may be determined by the Board from time to time.

3. TIME COMMITMENT

The Company expects that appointment of Independent Directors will require a time commitment of at least 5 days per year. This will include attendance at scheduled Board meetings and the Annual General Meeting of the Company. Independent Directors may also be appointed as a member of Committee(s) of the Board.

Typically, each Committee meets four or five times per year. The Board reserves the right to change the membership of the Independent Directors of a Committee at any time.

Independent Directors (including any Committees that they join) would require a time commitment of five meetings a year. Independent Directors will be shared with a tentative calendar for the forthcoming board meetings of the Company.

4. RESPONSIBILITIES OF THE BOARD

As member of the Board, Independent Directors are required to familiarize themselves with the responsibilities of the Board, as described in **Annexure I** hereto.

5. ROLE, FUNCTION AND DUTIES

Independent Directors' roles, functions and duties shall be as described in **Annexure II** hereto.

6. LIABILITIES

The liability of an independent Director will be governed by the provisions of Companies Act, 2013 and other applicable rules and regulations. Independent Director shall be held liable in respect of such acts of omission or commission by the Company which had occurred with their knowledge, attributable through Board processes and with their consent or connivance or where they had not acted diligently.

7. PROFESSIONAL CONDUCT

An Independent Director is bound by the guidelines of professional conduct as described in **Annexure III** to this letter and Code of Conduct for Directors and Senior Managers of the Company, as applicable from time to time.

8. REMUNERATION

The Independent Directors will be entitled to sitting fees for attending to the meetings of the Boards and / or Committees. The sitting fees for attending meetings shall be fixed by the Board of Directors from time to time. Also, the Company will either pay or reimburse for all reasonable and properly documented expenses incurred by the Independent Directors in performing the duties at the office.

9. PERFORMANCE EVALUATION PROCESS

The performance of the Independent Directors and the whole Board and its Committees will be evaluated periodically as may be required under the provisions of law. The criteria for evaluation will be determined by the Nomination & Remuneration Committee of the Board and will be disclosed in the Company's Annual Report.

ANNEXURE I
RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Disclosure of Information:

- a. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
- b. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

2. Key functions of the Board:

The board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments;
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed;
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning;

- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board;
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
- g. 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;
- h. Overseeing the process of disclosure and communications;
- i. Monitoring and reviewing Board Evaluation framework.

3. Other responsibilities

- The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders;
- The Board should set a corporate culture and the values by which executives throughout a group will behave;
- Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders;
- The Board should encourage continuing directors training to ensure that the Board members are kept up to date;
- Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly;

- The Board should apply high ethical standards. It should take into account the interests of stakeholders;
- The Board should be able to exercise objective independent judgment on corporate affairs;
- Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgment to tasks where there is a potential for conflict of interest;
- The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk;
- The Board should have ability to ‘step back’ to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company’s focus;
- When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board;
- Board members should be able to commit themselves effectively to their responsibilities;
- In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information;
- The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

ANNEXURE II

ROLE, FUNCTIONS AND DUTIES OF INDEPENDENT DIRECTOR

Role and functions:

The independent directors shall:

- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Duties:

The independent directors shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- 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;
- report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

- 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.

ANNEXURE III

GUIDELINES OF PROFESSIONAL CONDUCT

An independent director shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his duties;
- exercise his responsibilities in a *bona fide* manner in the interest of the company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 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;
- 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;
- refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- assist the company in implementing the best corporate governance practices.