

S R INDUSTRIES LIMITED

Terms and Conditions of Appointment of Independent
Directors

[Pursuant to the Companies Act, 2013 and SEBI
(Listing Obligations and Disclosure Requirements)
Regulations, 2015.]

Terms and Conditions for appointment of Independent Directors

Preamble:

S R Industries Limited (the "Company") is committed to maintaining the highest standards of corporate governance and integrity. In accordance with the provisions of the Companies Act, 2013 (Act) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation), the Company has established these Terms and Conditions for the appointment of Independent Directors (the "Independent Directors") to its Board of Directors (the "Board").

These Terms and Conditions outline the roles, responsibilities, and expectations of the Independent Directors, and provide a framework for their appointment, tenure, and evaluation. By accepting appointment as an Independent Director of the Company, the individual acknowledges that they have read, understood, and agreed to be bound by these Terms and Conditions.

Appointment and Tenure Requirements:

- a. The Independent Director shall be appointed for a specific term, subject to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. At the beginning of every financial year, the Independent Director shall submit a declaration under Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence.
- c. During their tenure as an Independent Director, they shall ensure that their directorships in other companies do not exceed the limit stipulated under the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. The Independent Director shall ensure that they do not become disqualified to act as a Director pursuant to the provisions of Section 164 of the Companies Act, 2013, during their tenure.
- e. The Independent Director shall comply with all other provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Term of Appointment:

The appointment of the Independent Director shall be for a term of five years, subject to their eligibility and willingness to continue.

Committee Appointments:

The Independent Director may be appointed to the following Committees of the Board:

- a. Audit Committee: responsible for overseeing the Company's financial reporting process and internal controls.

b. Stakeholders Grievance Committee: responsible for addressing grievances of stakeholders, including shareholders, customers, and employees.

c. Nomination and Remuneration Committee: responsible for recommending appointments and remuneration of Directors and Key Managerial Personnel.

Code of Conduct, Duties and Responsibilities:

As an Independent Director, they shall adhere to the following code of conduct, duties, and responsibilities:

a. Adherence to Guidelines: They will abide by the guidelines of professional conduct, role, function, and duties as an Independent Director provided in Schedule IV of the Companies Act, 2013, as set out at Annexure-A hereto.

b. Non-Compete Obligation: They will not hold office as a Director or any other office in a competing firm/entity, to avoid any potential conflict of interest.

c. Staying Updated: They are expected to stay updated on the latest developments and best practices in corporate governance, including changes in economic, political, social, financial, legal, and regulatory environments.

d. Key Responsibilities: They are expected to:

i. Objective Decision-Making: Take decisions objectively and solely in the interests of the Company, without any personal bias or conflict of interest.

ii. Ethics and Corporate Behaviour: Facilitate the Company's adherence to high standards of ethics and corporate behaviour, and promote a culture of transparency and accountability.

iii. Governance Practices: Guide the Board in monitoring the effectiveness of the Company's governance practices and recommend changes, if required.

iv. Conflict of Interest: 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.

v. Financial Reporting and Control: 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.

Performance Evaluation:

The performance evaluation of Independent Directors shall be conducted by the entire Board of Directors, excluding the Director being evaluated. This evaluation shall be a comprehensive assessment of their performance, contributions, and adherence to their roles and responsibilities. On the basis of the report of performance evaluation, the Board shall determine whether to extend or continue the term of appointment of the Independent Director.

Remuneration:

1. Annual Remuneration: Their annual remuneration shall consist of:

- a) Sitting fees for attending each meeting of the Board and its committees, as determined by the Board.
- b) Commission, as determined by the Board, payable at the end of each financial year, based on the performance of the Company and their individual performance evaluation by the Board of Directors.

2. Stock Options: Pursuant to the applicable law, as the case may be.

Training and Development:

Independent Directors shall be entitled to participate in a comprehensive training program, designed to familiarize them with:

- The Company's business, growth plans, and goals
- The industry in which the Company operates
- The Company's long-term plans and objectives
- Relevant laws, regulations, and governance practices

This training program shall enable them to effectively discharge their roles and responsibilities as Independent Directors.

Confidentiality:

a. Access to Confidential Information: They shall have access to confidential and proprietary information relating to the Company, including:

- Business strategies and plans
- Financial information and reports
- Technical and commercial data
- Client information and intellectual property rights

b. Obligations of Confidentiality: They shall use reasonable efforts to maintain the confidentiality of such information and shall not disclose it to any third party, except as required by law or with the prior consent of the Board.

Miscellaneous:

a. Indemnity: The Company shall indemnify them against any losses, damages, or expenses incurred by them in the course of their duties as Independent Directors.

b. Governing Law: These Terms and Conditions shall be governed by and construed in accordance with the laws of India.

Annexure-A

GUIDELINES OF PROFESSIONAL CONDUCT, ROLE, FUNCTION AND DUTIES AS AN INDEPENDENT DIRECTOR (AS PROVIDED IN SCHEDULE IV OF THE COMPANIES ACT, 2013)

Guidelines for Professional conduct:

As an Independent Director, you shall:

- a. Uphold ethical standards of integrity and probity;
- b. Act objectively and constructively while exercising your duties;
- c. Exercise your responsibilities in a bona fide manner in the interest of the Company;
- d. Devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- e. Not allow any extraneous considerations that may vitiate your 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.
- f. Not abuse your 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.
- g. Refrain from any action that could lead to a loss of your independence;
- h. Ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly;
- i. Assist the Company in implementing the best corporate governance practices.

Role and functions:

- a. Assist 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.
- b. Bring an objective view in the evaluation of the performance of Board and management.
- c. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- d. Satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- e. Safeguard the interests of all stakeholders, particularly the minority shareholders.
- f. Balance the conflicting interest of the stakeholders.
- g. 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.

Duties:

As an Independent Director, you shall:

- a. undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- b. seek appropriate clarification or amplification of information and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- c. strive to attend every meeting of the Board and of the Board committees of which you are a member;

- d. actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- e. strive to attend the general meetings of the Company;
- f. ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- g. keep yourself well informed about the Company and the external environment in which it operates;
- h. not unfairly obstruct the functioning of an otherwise proper Board or committee;
- i. ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- j. ensure that the whistle blower function of the Company is functioning adequately;
- k. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- l. within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.
