



# Sanghvi Brands Limited

## **SANGHVI BRANDS LIMITED**

CIN- L74999PN2010PLC135586

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

Registered Address: -

**Sanghvihouse,105/2, Shivajinagar, Pune, Maharashtra-411005**



Registered Office: 105/2, Sanghvi House, Shivaji Nagar, Pune, Maharashtra 411005

Email: [info@sanghvibrands.com](mailto:info@sanghvibrands.com)

Website: [www.sanghvibrands.com](http://www.sanghvibrands.com)

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

*(Pursuant to the provisions of Schedule IV of the Companies Act, 2013 ('the Act') and Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

### **1. Appointment**

- i. The appointment as a Non-Executive Independent Director on the Board of Directors of the Company is subject to the provisions of Companies Act, 2013.
- ii. In compliance with the provisions of Section 149(13) of the Companies Act, 2013 and rules framed thereunder ('the Companies Act'), your Directorship will not be subject to retirement by rotation.
- iii. Notwithstanding other provision, their appointment may be terminated in accordance with the provisions of the Article of Association of the Company or on failure to meet the parameters of Independence as defined in Section 149(6) or on occurrence of any event as defined in Section 167 of the Companies Act, 2013.
- iv. Upon termination or upon resignation for any reason, duly intimated to the Company, Independent Directors will not be entitled to any compensation for loss of office.
- v. Independent Director will participate in the meeting of the Independent Directors separately without the presence of Non- Independent Directors and Members of Management.

### **2. Commitment**

- i. As a Non-Executive Independent Director, they are expected to bring objectivity and Independence of view to the Board's discussion and to help provide the Board with effective leadership in relation to the Company's strategy, performance, risk management and CSR activities as well as ensuring high standards of financial probity and corporate governance. They are expected to attend Board and other Committees meeting to which they may be appointed including shareholders meetings and to devote such time to their duties, as is appropriate to discharge their duties effectively.



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- ii. By accepting the appointment, the Independent Directors have confirmed that they are able to allocate sufficient time to meet the expectations from role to the satisfaction of the Board.

### **3. Role, Functions and Duties**

The role, functions and duties shall be governed by the applicable provisions of the Companies Act and the Listing Regulations. The role, functions and duties as per the provisions of the Companies Act, 2013 are annexed as **Annexure I.**

### **4. Professional Conduct**

The Independent Director shall:

- Uphold integrity and ethical standards.
- Exercise responsibilities in a bona fide manner in the best interest of the Company.
- Stay updated with the Company and its environment and strive to attend all meetings.
- Not abuse the position for personal gain.

### **5. Status of Appointment**

- i. Independent Directors are not the employees of Company and letter of appointment issued to them does not constitute a contract of employment' They are paid such remuneration by way of sitting fee for meetings of the Board and its Committees as may be decided by the Board. Commission, if any, as approved by shareholders.
- ii. They not entitled to any stock option offered by the Company.

### **6. Reimbursement of Expenses**

During the tenure of their appointment, the company will reimburse the travelling cost, hotel and other incidental expenses incurred by them while performing their roles and duties.



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## **7. Conflict of Interest**

- i. The Company accepts and acknowledges that the Independent Directors may have business interests other than those of the Company. As a pre-condition to their appointment, they are required to declare any such directorships, appointments, interests etc. to the Board in writing in the prescribed form at the time of their appointment and also keep the board informed about changes, if any, immediately after the changes is made effective.
- ii. In the event that any change in circumstances that give rise to a conflict of interest or, when the changed circumstances might lead the Board to revise its judgment on their independence, the same should be disclosed to both the Chairman and the Company Secretary.

## **8. Evaluation Mechanism**

- i. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- ii. 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.

## **9. Disclosure of Interest**

The Independent Directors are supposed to disclose any material interest that they may have in any transaction or arrangement that the company has entered into.

The disclosure shall be made no later than the time when the transaction or arrangement comes up at a Board meeting for discussion so that the minutes may record the interest appropriately. A general notice to the Company that they are interested in any contract with a particular person, firm or company is also acceptable.



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## **10. Code of Conduct**

During their tenure of appointment, they are required to comply with the provisions of Schedule IV under Companies Act, 2013. And Company's Code of Conduct and Insider Trading Code and SEBI PIT Regulations

## **11. Confidentiality**

- i. The Independent Directors have been informed that all the information acquired by them during their tenure of appointment is confidential to the Company and should not be released, either during the appointment or following termination / resignation (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, they are supposed to surrender any documents and other materials made available to them by the Company.
- ii. The independent Directors are informed of the applicable Insider Trading regulations and the Company's Insider Trading Code which requires the disclosure of price sensitive

information and dealing in the securities of the Company. Independent Directors are supposed to avoid making any statements or performing any transaction that might risk a breach of applicable insider trading regulations requirements without prior clearance from the Chairman or the Company Secretary.

- iii. The Independent Director shall maintain confidentiality of:
  - Board discussions
  - Company strategies, financial information and trade secrets except as required under law.

This obligation continues even after cessation of directorship.



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## **12. Publication of the Letter of Appointment**

The Independent Directors are aware that in line with provision of Clause IV sub clause 6 of Schedule IV, under Companies Act, 2013, the terms and conditions of their appointment will be made public and the same will be displayed on the Company's website.

## **13. Membership of Committees**

The Independent Directors may be appointed by the Board as Member/Chairman of one or more of its committees. The appointment of Independent Directors on committees as Chairman / member will be regulated and covered in the relevant committee's terms of reference and any specific responsibilities of the Committees as set out by the Board.

## **14. Familiarization Programme**

The Company shall conduct a Familiarization Programme for Independent Directors, covering:

- Company overview, structure and operations
- Industry environment and regulatory framework
- Roles, responsibilities and duties

The Director is expected to participate in these programmes.

## **15. Termination**

- i. The Independent Directors may resign from their position at any time and should they wish to do so, they are supposed to serve a reasonable written notice on the Board. In terms of provision of the Companies Act, 2013, they are required to file a copy of their resignation letter with the Registrar of Companies.



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- ii. Continuation of their appointment is contingent on getting re-elected by the shareholders in accordance with provision of Companies Act, 2013 and the applicable Articles of Association of the Company, for the time being in force. Independent Directors will not be entitled to any compensation if the shareholders do not re-elect them at any time.
- iii. The appointment of Independent Directors may also be terminated in accordance with the provision of the applicable Articles of Association of the Company as may be in force for the time being.
- iv. Upon termination, the Director shall return all confidential documents and cease using Company information.

## **Annexure I**

### **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) Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 4) Safeguard the interests of all stakeholders, particularly the minority shareholders;
- 5) Balance the conflicting interest of the stakeholders;
- 6) 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;
- 7) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- 8) Act in accordance with the Articles of Association of the Company.



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## **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) Act within their 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.



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