

Date:.....

To,

**Sub: Appointment of Independent Director**

We thank you for your confirmation to S R Industries Limited (the “**Company**”) that you meet the criteria of independence as envisaged in Section 149(6) of the Companies Act, 2013 (“**2013 Act**”) [and Clause 49 of the Listing Agreement as amended vide circular issued by SEBI ref no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and effective from October 1, 2014] and also for your consenting to continuance to hold office as an independent director of the Company.

Pursuant to your confirmation, we are pleased to confirm that the Board has approved your appointment as an Independent Director on the board of the Company. This letter sets out the terms of your appointment/re-appointment/ continuance of appointment.

The terms of your continuance of appointment/re-appointment, as set out in this letter, are subject to the extant provisions of the (i) applicable laws, including 2013 Act and Clause 49 of the Listing Agreement (as amended from time to time) and (ii) Articles of Association of the Company (“**AOA**”).

**1. Appointment/ Re-appointment**

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board till the next Annual General Meeting. Your appointment/ re-appointment is subject to the approval of shareholders at the next Annual General Meeting of the Company.

You will continue as an independent director for an initial term up to 30<sup>th</sup> September, 2019 unless terminated earlier or extended, as per the provisions of this letter or applicable laws (hereafter referred to as your “**Term**”).

As an Independent Director you will not be liable to retire by rotation as per the provisions of Section 149(13) of the Companies Act, 2013.

Re-appointment at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. Your re-appointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

As per the Board’s current assessment, you will be a Chairman/ member of the following Committees:

| COMMITTEE | CHAIRMAN/MEMBER |
|-----------|-----------------|
|           |                 |
|           |                 |

The mandates of the aforesaid Committees are provided as **Annexure A**. The Board may reconstitute the composition of any/all Committees, from time to time, and any such change shall be promptly communicated to you. In such an event you may also be required to serve on other Committees of the Board.

## **2. Roles, duties and responsibilities**

**A.** As a member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

Requirements under the Companies Act, 2013

“Responsibilities of the Board” as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under Clause 49 of the Listing Agreement

Accountability under the Director’s Responsibility Statement

Overseeing the maintenance of high standards of S R Industries values and ethical conduct of business

Protecting and enhancing the S R industries brand

**B.** You shall abide by the ‘Code for Independent Directors’ as outlined in Schedule IV to Section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including section 166) and in Clause 49 of the Listing Agreement. For your ready reference, the relevant portions have been extracted and attached to this letter as **Annexure B**.

**C.** You will also be responsible for providing guidance in the area of your expertise.

## **3. Time Commitment**

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

## **4. Remuneration**

As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member.

The sitting fees payable to you are as follows:

|                                       |  |
|---------------------------------------|--|
| Board Meeting                         |  |
| Nomination and Remuneration Committee |  |
| Audit committee                       |  |
| Stakeholder’s Relationship Committee  |  |

|                                   |  |
|-----------------------------------|--|
| Travelling & Conveyance Allowance |  |
| Stay                              |  |

## **5. Insurance**

The Company is planning to take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. The same is subject to approval of the Board and applicable laws. It is intended to maintain such insurance cover for the term of your appointment, subject to the terms of such policy in force from time to time.

## **6. Code of Conduct**

As an Independent Director of the Company, you agree to comply with the Puncom's Code of Conduct. For your reference, a copy of the Code of Conduct is available at the company's website **[www.srfootwears.com](http://www.srfootwears.com)**.

Besides that you will ensure the following also:

¶ Non-Executive Directors of a Company will always act in the interest of the Company and ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the Company and his/her role therein;

¶ Besides that you will comply with all applicable laws and regulations of all the relevant regulatory and other authorities (including SEBI (Insider Trading) Regulations and Shares Acquisition and Substantial Takeover Code and regulations framed there under, SEBI regulations and notifications, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the S R Industries Code of Conduct on Prevention of Insider Trading Policy, prohibiting disclosure or use of unpublished price sensitive information and any provision under Companies Act, 1956 and Companies Act, 2013 wherever applicable, Notifications from Ministry of Corporate Affairs as and when applicable) as may be applicable to such Directors in their individual capacities;

¶ Non-Executive Directors will safeguard the confidentiality of all information received by them by virtue of their position.

Unless specifically authorized by the Company, you shall not disclose company and business information to public constituencies such as the media, the financial community, employees, shareholders, agents, franchises, dealers, distributors and importers.

Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.

Additionally, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.

All Directors are required to sign a confirmation of acceptance and compliance of the Code of Conduct

on annual basis as per the provisions of Clause 49 of the Listing agreement.

## **7. Performance Appraisal/ Evaluation Process**

As a member of the Board, your performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria of evaluation shall be determined by the Nomination and Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/ Committee. An indicative list of factors that may be evaluated as part of this exercise is:

Ñ Participation and contribution by a Director,

Ñ Commitment (including guidance provided to senior management outside of Board/ Committee meetings),

Ñ Effective deployment of knowledge and expertise,

Ñ Effective management of relationship with stakeholders,

Ñ Integrity and maintenance of confidentiality

Ñ Independence of behavior and judgment, and

Ñ Impact and influence.

## **8. Disclosure, other directorships and business interests**

During the term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships.

During your term, you agree to promptly provide a declaration under Section 149(7) of the 2013 Act, upon any change in circumstances which may affect your status as an Independent Director.

## **9. Changes of Personal details**

During the term, you shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

## **10. Termination**

Your directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the 2013 Act, your directorship may be terminated for violation of any provision of the S R Industries Code of Conduct as applicable to you as an Independent Director.

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, or as may be taken up in the Board Meeting.

If at any stage during the term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act or, if applicable, you fail to meet the criteria for “independence” under the provisions of Clause 49 of the listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

### **11. Cooperation**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

### **12. Miscellaneous**

- This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generally of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- No waiver or modification of this letter shall be valid unless made in writing and signed by you and the Company.
- As per Clause 49 of the Listing Agreement, if applicable, this letter along with your detailed profile shall be disclosed on the website of the Company and the relevant stock exchange.

### **13. Acceptance of Appointment**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours Sincerely,

For **S R Industries Limited**

(R. C. Mahajan)

Managing Director

**AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the company and I hereby affirm my acceptance to the same.

Name:

Place:

Date:

## ANNEXURE- A

### TERMS OF REFERENCE OF BOARD CONSTITUTED COMMITTEES

#### 1. AUDIT COMMITTEE

1.Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2.Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

3. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;

- a) Any changes in accounting policies and practices.
- b) Major accounting entries based on exercise of judgment by management.
- c) Qualifications in draft audit report.
- d) Significant adjustments arising out of audit.
- e) The going concern assumption.
- f) Compliance with accounting standards.
- g) Compliance with stock exchange and legal requirements concerning financial statements
- h) Any related party transactions

4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems. Ensure compliance of internal control systems.

5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

6. Discussion with internal auditors any significant findings and follow up thereon.

7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

8. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

9. Reviewing the company's financial and risk management policies.

10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

11. To periodically review the following informations :

a.Financial statements and draft audit report, including quarterly/ half-yearly financial information;

- b. Management discussion and analysis of financial condition and results of operations;
- c. Reports relating to compliance with laws and to risk management;
- d. Management letters / letters of internal control weaknesses issued by statutory/internal auditors; and
- e. Records of related party transactions
- f. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

12. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

13. To formulate and implement Whistle Blower Policy and to provide protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices.

14. To approve capital budgets.

15. To review the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company.

## **2. NOMINATION AND REMUNERATION COMMITTEE**

1. Identification of persons qualified to be the directors and in senior management in accordance with the criteria laid down.
2. Recommend to the Board appointment and removal of the Directors apart from the nominee directors as proposed by the Government of Punjab and in the Senior Management.
3. Evaluation of every director's performance.
4. Formulation of criteria for determining qualifications, positive attributes and independence of director.
5. Recommendation of Remuneration policy for the directors, KMP and other employees.
6. Other terms of reference/ scope of Nomination and Remuneration Committee shall be as notified by the appropriate authority from time to time or as directed by the Board of Directors of the Company from time to time.

## **3. STAKEHOLDER'S RELATIONSHIP COMMITTEE**

1. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
2. Redressal of shareholders and investor complaints/ grievances e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc.;
3. To approve, register, refuse to register transfer / transmission of shares and other securities ;
4. To sub-divide, consolidate and / or replace any share or other securities certificate(s) of the Company;
5. To authorise affixation of common seal of the Company;
6. To issue duplicate share other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
7. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;

8. To dematerialize or rematerialize the issued shares;

9. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

**ANNEXURE- B**  
**SCHEDULE IV**  
**[See section 149(8)]**  
**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) 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;
- (6) 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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

**II. 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) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) 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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(12) acting within his 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.

#### **IV. Manner of appointment:**

(1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission,if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **VI. Resignation or removal:**

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

(3) Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings:**

(1) 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;

(2) All the independent directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the company

management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) 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.