



**Southern Magnesium and Chemicals Limited**

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**TERMS & CONDITIONS OF  
APPOINTMENT OF INDEPENDENT  
DIRECTORS**

## **INTRODUCTION**

The terms and conditions of appointment of the Independent Directors are subject to the extant provisions of the applicable laws, including the Companies Act, 2013 (“Act”) and Articles of Association of the Company.

The broad terms and conditions of appointment of Independent Directors are reproduced hereunder:

## **DEFINITIONS**

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Committee” means Nomination and Remuneration Committee constituted by the Board

“Directors” mean Directors of the Company.

## **APPOINTMENT:**

The appointment will commence from their effective date of appointment for the period of 5 years. The Company may disengage Independent Directors prior to completion of the Term subject to compliance of relevant provisions of the Act.

As Independent Directors, they will not be liable to retire by rotation.

Reappointment 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. The reappointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.

The directors may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time

## **ROLE, DUTIES AND RESPONSIBILITIES:**

The role, duties and responsibilities of the Independent Directors shall be in accordance with the provisions of Schedule IV (Code for Independent Directors) to the Act, which inter alia includes:

- As members of the Board, the Independent Directors along with other Directors will be collectively responsible for meeting the objectives of the Board, viz.,

- ❖ Requirements under the Act and Rules framed thereunder.
- ❖ They 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).
- ❖ Accountability under Directors' Responsibility Statement which forms part of the Board's Report to the shareholders.
- ❖ Review of Companies business strategy, financial plan and monitor the performance of the Company.
- ❖ Safeguarding the interest of all stakeholders.
- ❖ Advice and counsel the management in the respective area of expertise.

### **TIME COMMITMENT**

They agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.

### **REMUNERATION**

The Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees payable shall be determined by the Board from time to time.

Further, the Company may reimburse the Independent Directors such expenditure, as may be incurred by them while performing their role as an Independent Director of the Company, including expenditure incurred by them for travel, accommodation or any out-of-pocket expenses for attending Board/ Committee Meetings, General Meetings, Court Convened Meeting, meetings with Shareholders / Creditors/ Management, site visits, induction and training programs.

### **CODE OF CONDUCT**

As Directors of the Company, the Independent Directors mandatorily are required to be complied with Company's Code of Conduct for Board Members and Senior Management of the Company.

### **PERFORMANCE APPRAISAL / EVALUATION PROCESS**

As a member of the Board, your performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director will be done by all the other directors. The performance of Independent directors will be evaluated as per criteria which may be evolved and reviewed from time to time. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

## **DISCLOSURES - OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

During the Term, they agree to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

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

## **CHANGES OF PERSONAL DETAILS**

During the Term, they 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.

## **DISENGAGEMENT**

The Independent Directors 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 them in the notice, whichever is later. The directorship of Independent Directors on the Board shall cease in accordance with the provisions of the Companies Act, 2013 or other applicable laws. The Company may disengage the Independent Directors prior to completion of their terms (subject to compliance of relevant provisions of the Act) upon:

- their violating any of the provisos of the Code of Conduct applicable to the Independent Directors;
- the Independent Directors failing to meet the criteria for independence as envisaged in Section 149(6) of the Act and the Regulations, as amended from time to time.