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To,

[o]

Date: [o]

**Subject: Appointment as Independent Director of SMC Global Securities Limited**

**Reference: Companies Act, 2013 and Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear [o],

We are pleased to inform that the Board of Directors of the Company, upon the recommendation of the Nomination and Remuneration Committee of Directors, at its meeting held on [o] has approved your appointment as an Independent Director of the Company.

The letter sets out the terms and conditions of your appointment.

### **Appointment**

In accordance with the provisions of section 149(10) of the Companies Act, 2013, your appointment has been approved for a consecutive period of five years starting from [o] upto [o], which can be further extended by reappointment for a period of five years with the approval of the shareholders by way of a special resolution. In this regard, your appointment shall not be subject to retirement by rotation as prescribed under section 152(6) of the Companies Act, 2013.

#### **- Pre-requisite for appointment**

Your appointment was based, inter alia, on the declaration made by you that you comply with the conditions of independence as listed in section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations.

In furtherance to the aforesaid, your appointment shall continue and remain valid only subject to your meeting the criteria of independence as prescribed by law and by not being disqualified to be a Director under any provision of law during the tenure of appointment.

#### **Age limit for appointment**

The minimum age requirement for becoming an independent director is 21 years and the maximum age limit is 75 years unless the shareholders of the Company pass a special resolution to continue the directorship.

Hence, you shall not be statutorily eligible to continue as an independent director of the company on attaining an age of 75 years, unless otherwise approved by the Board.



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## **Appointment in Board Committees**

During the tenure of office, your good self may be required to serve as a member or Chairman in one or more Board committees established by the Company, however, the same should not breach the maximum limit on committee membership or chairmanship a director can hold. Upon appointment to any committee(s), you shall be provided with detailed terms of reference or charter which shall set out the functions and responsibility of the committee(s).

## **Disclosure**

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. Also, you shall promptly provide a declaration annually confirming that you meet the criteria of independence provided in Companies Act, 2013 and the Listing Regulations.

This declaration shall be submitted at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an Independent Director.

## **Remuneration**

You will be entitled to such sitting fees, if any, as approved by the Board, from time to time for every Board Meeting and Committee Meeting(s) attended by you during your term of appointment. Currently, the sitting fees payable for attending meetings of Board of Directors and Board Committees is Rs. 60,000/- and Rs. 25,000 respectively. (exclusive of applicable taxes).

In addition to the aforementioned sitting fees, the Company shall reimburse Independent Director, or bear and pay, all travel, accommodation or other expenses incurred as a result of him/her carrying out his/her duties as a director as decided by the Chairman of the Company from time to time. Further Rs. 2000/- as reimbursement for conveyance expense for each meeting of the Board and any committee thereof shall be paid each Independent Director.

Apart from the sitting fees and reimbursement, the Board may at its discretion approve to provide any profit linked commission considering the expertise introduced by the director on Board. However, the commission at all times shall be maximum of 1% of net profits payable to all non-executive directors, except otherwise approved by shareholders. In this regard, if the director provides any services to the Company in professional capacity, the Company shall remunerate the director separately and the same shall not form part of the annual remuneration payable to the individual as a director.

In a situation where in any financial year, the profits of the Company are inadequate to pay the remuneration to the directors, in such a case remuneration shall be payable in accordance with the provisions of section II of Schedule V of the Companies Act, 2013.



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## **Meetings of Independent Director**

All the independent directors of the Company shall be required to conduct at least one meeting in a year without presence of any other executive or non-executive directors to discuss the performance of Board and such other matters as may be deemed necessary to the directors.

Please note that all independent directors should strive to be present in such meeting.

## **D & O Insurance**

The Company, though obligated by law, undertakes Directors and Officers Insurance for all its Independent Directors and intends to maintain such cover for entire tenure of directors. In this regard, if eventually the insurance becomes statutorily applicable on the Company, the Company shall ensure that the same adequately covers all the Independent Directors of the Company for such quantum and for such risks as may be present in the current or future environment.

## **Evaluation of Directors**

Being a director of the Company, your performance as an Independent Director in the Board shall be evaluated by other directors. Also, your role in committees in which you may be appointed as a Member/Chairperson shall also be evaluated by peer directors. Such evaluation shall be basis of determination by the Nomination and Remuneration Committee and the Board as a whole as to whether to continue or discontinue your tenure.

On the other hand, you being one of the Independent Director of the Company shall be required to evaluate the performance of Non-Executive Directors, Chairperson and Board as a whole. In this regard, you shall also be required to assess the quality and timeliness of flow of information between the management and the Board of Directors.

## **Time Commitment**

By accepting the appointment as an Independent Director, you confirm that you will be able to allocate sufficient time to perform your duties and function as a director and attend meetings of the Board or any committee thereof.

## **Training and Development**

The Company shall familiarize the Independent Directors of the Company through various programs about following:

- a) Nature of industry in which the Company operates;
- b) Business model
- c) Roles, rights, responsibilities as an independent director

In this regard, the Company shall ensure that minimum one programme is conducted in a financial year for the independent directors. The Company shall also update the directors periodically on the relevant statutory changes applicable on the Company and any significant change in the industry.



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## **Professional Conduct**

You being an Independent Director of the Company are expected to have highest standards of integrity and uphold good conduct. Accordingly, you are expected to:

- a) Uphold ethical standards of integrity and probity
- b) Act objectively and constructively while exercising his duties;
- c) Exercise his responsibilities in a bona fide manner in the interest of the company
- d) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e) 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;
- f) 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
- g) Refrain from any action that would lead to loss of his independence;
- h) Where circumstances arise, which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i) Assist the company in implementing the best corporate governance practices.

## **Code of Conduct**

You will be required to abide by the internal code of conduct formulated for the Board of Directors and the Senior Management. You will apply the highest standard of confidentiality and not disclose to any person or company either during the tenure as an Independent Director or following cessation, any confidential information concerning the Company and group companies with which you come into contact by virtue of your position as a director except as permitted by law.

In this regard, you shall be required to furnish to management an annual affirmation on compliance with the code of conduct of Board of Directors and senior management.

## **Insider Trading Code**

We would like to draw your attention to the applicability of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 on your Company being a listed entity as well as market intermediary. Accordingly, you shall be required to abide by the Company's internal Code of Conduct for Prevention of Insider Trading and prohibit disclosure and use of any unpublished price sensitive information of the Company. Further, the Company shall specify a trading period to be called "trading window" for trading in Company's securities. When the trading window is closed, the directors of the Company shall not trade in the securities of the Company.

Additionally, you shall refrain from participating in any business activity which might impede the application of your independent judgement.

## **Role and Functions of Director**

Your role as an Independent Director shall include following:

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. Scrutinize 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.

## **Duties as a Director**

Your duties as an Independent Director shall include following:

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;



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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.

### **Fiduciary Duties**

You will be expected to perform your general fiduciary duties and exercise the skill and care expected from every Director. You do not have authority to commit the Company in any way, nor should you make any statements on the Company's behalf or concerning the Company to the media, financial institutions or anyone associated with the stock market or investor community without the express authorization of the Board.

You will be held liable, only in respect of such acts of omission or commission by the Company which have occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you have not acted diligently.

### **Conflict of Interest**

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 of the Company.

By signing this letter, you hereby confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships.

### **Resignation**

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, whichever is later. In this regard, you shall also be required to provide the following to the Board of Directors:

- a) Reason for resignation
- b) Confirmation that there are no material reasons other than those provided by the director

### **Confidentiality**

The Independent Director agrees that both during and after the term of Appointment, he/she will not use for his/her own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary or any group or associate companies of the Company, which he/she may acquire by virtue of his/her position as an independent director, including without limitation, any information about the deliberations of



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the Board. The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term), become available to the public generally.

**Indemnity:**

The directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office, to the extent permitted by law.

**Publication of Letter:**

In line with the provisions of Schedule IV to the Act, the letter of appointment will be open for inspection by any member and the Company will also post the terms and conditions of the appointment on the Company's website **[www.smcindiaonline.com](http://www.smcindiaonline.com)**.

**Relationship:**

The appointment constitutes neither a contract for services nor a service contract.

There will be no relationship of employer and employee as a consequence of appointment as a director of the Company.

**Authority:**

The letter of appointment will be issued under the authority of the Board.

**For SMC GLOBAL SECURITIES LIMITED**

**SUBHASH CHAND AGGARWAL  
CHAIRMAN**