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**SMC GLOBAL SECURITIES LIMITED**  
**CIN- L74899DL1994PLC063609**

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**(UPDATED)**

**The terms and conditions of appointment of the Independent Directors of the Company in accordance with the requirements of Schedule IV to the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement:**

Members of our Company have at their Annual General Meeting held on September 26, 2014 appointed the following persons as Independent Directors of the Company:

1. Mr. Satish Chandra Gupta
2. Mr. Kundan Mal Agarwal
3. Mr. Hari Das Khunteta
4. Mr. Pawan Bansal
5. Mr. Chandra Wadhwa
6. Mr. Roop Chand Jindal
7. Mr. Narain Dass Gupta
8. Dr. Madhu Vij

Terms and Conditions of appointment of Independent Directors:

**I. Term:**

The Appointment of Independent Directors shall not be subject to retirement by rotation and to hold office for 5 (Five) consecutive years for a term up to 31<sup>st</sup> March, 2019 (the "Termination Date"). Unless the Appointment is renewed on or prior to the Termination Date, he/she will cease to hold office as a director of the Company immediately after the Termination Date.

**II. Other Terms and Conditions**

**1. Committees:**

- 1.1 During the Appointment, the Independent Director may be required to serve on one or more of the committees of the Board including Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Stakeholders Relationship Committee, as the Board may decide.
- 1.2 He/she is appointed as an independent non-executive director and will be identified as such in the annual report and other documentation of the Company. If circumstances change, and he/she believes that his/her independence will be in doubt, he/she should discuss the same with the Chairman of the Company as soon as practicable.



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- 1.3 He/she shall ensure active participation in the meetings of the Board of Directors and Committees thereof, wherever such person is a member.

## **2. Duties and Liabilities:**

- 2.1 The Independent Director will perform his/her fiduciary duties in a responsible manner and his/her general legal responsibilities to the Company will be at par with a non-executive director.
- 2.2 The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his/her duties, comply with the requirements of Section 166 and Schedule IV of the Companies Act, 2013 ( "the Act").
- 2.3 The Independent Director will be held liable only in respect of such acts of omission or commission by the Company which has occurred with his/her knowledge, attributable through Board processes, and with his/her consent or where he/she has not acted diligently.

## **3. Key Responsibilities:**

### **3.1 Disclosure of Information**

- a. The Independent Director should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
- b. The Independent Director should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

## **4. Other Responsibilities:**

### **4.1 The Independent Directors shall have the following responsibilities with the Board:**

- a. The Independent Director should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- b. The Independent Director should set a corporate culture and the values by which executives throughout a group will behave.
- c. The Independent Director should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the



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shareholders.

- d. The Independent Director should encourage continuing directors training to ensure that the Board members are kept up to date.
- e. Where Board decisions may affect different shareholder groups differently, The Independent Director should take certain measure to treat all shareholders fairly.
- f. The Independent Director should apply high ethical standards. It should take into account the interests of stakeholders.
- g. The Independent Director should be able to exercise objective independent judgement on corporate affairs.
- h. The Independent Director should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk.
- i. The Independent Director should have ability to ‘step back’ to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- j. The Independent Director should be able to commit themselves effectively to their responsibilities.
- k. In order to fulfil their responsibilities, the Independent Director should have access to accurate, relevant and timely information.

## **5. Key functions of the Independent Director:**

5.1 The Independent Director should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company’s governance practices and making changes as needed.



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- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. 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.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework.

## **6. Code for Independent Directors:**

- 6.1 The Company has relied on the declaration of the Independent Director that he/she meets the criteria of independence as provided in Section 149(6) of the Act and also in Clause 49 of the Listing Agreement with the Stock Exchanges.
- 6.2 The Independent Director shall, at all the time, maintain the criteria of independence as provided in Section 149(6) of the Act and also in Clause 49 of the Listing Agreement with the Stock Exchanges , during the tenure of independent Director.
- 6.2 The Independent Director will be required to abide by the guidelines as to professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act.
- 6.3 The Independent Director will be required to comply with applicable provisions of any code of conduct framed by the Board for all Board members and Senior Management of the Company under Clause 49 of the Listing Agreement.

## **7. Restrictions:**

- 7.1 During the term of Appointment, an Independent Director shall not serve as (a) an independent director in more than the prescribed number of listed companies and (b) a



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committee member of more than the prescribed number of committees (i.e. the Audit Committee and the Stakeholders' Relationship Committee) including chairmanship of such committees.

## **8. 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.

## **9. Training and Development:**

The Company may, if required, conduct formal training program for its Independent Directors.

9.1 Periodic presentations are made at the Board and Board Committee meetings, on business and performance updates of the Company, business environment, business strategy and risks involved.

## **10. Evaluation Process:**

10.1 The Nomination & Remuneration Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors.

10.2 The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.

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

10.4 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.

## **11. Separate meetings of the Independent Directors**

11.1 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. All the independent directors of the company shall strive to be present at such meeting.

11.2 The Independent Directors in the meeting shall, inter-alia:

- i. review the performance of non-independent directors and the Board as a whole;
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. assess the quality, quantity and timeliness of flow of information between the



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

## **12. Remuneration:**

In consideration of the Independent Directors' services, the Company will pay him/her fees as under:

- (i) Rs.30, 000/- for attending meeting of the Board of Directors.
- (ii) Rs.10, 000/- for attending the meeting of any committee thereof;

## **13. Expenses:**

In addition to the remuneration stated in the preceding paragraph, the Company will 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 per decided by the Chairman of the Company from time to time. Further Rs. 2000/- as reimbursement of conveyance expense for each meeting of the Board and any committee thereof to pay each Independent Directors.

## **14. 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 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.

## **15. Insurance:**

The Company has Directors' and Officers' ("D&O") liability insurance and it is intended to maintain such cover for the full term of the Appointment. The Independent Director may obtain details of such insurance from the Company Secretary.

## **16. 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.

## **17. 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)**.



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**18. Governing Law:**

The Appointment and the terms are governed by the laws of India.

**19. Relationship:**

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

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

**20. Resignation:**

The Independent Director may at any time resign from the office of Independent Director at any time by making a detailed resignation to the Company in accordance with the applicable provisions of law for the time being in force.

Provided that the Independent Director shall be liable to vacate the office of Independent Director in the event of any non-compliance with the act, listing agreement or any other law for the time being in force.

**21. Authority:**

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

**For SMC GLOBAL SECURITIES LIMITED**

Sd/-

**SUMAN KUMAR**

**{E.V.P. (CORPORATE AFFAIRS) & COMPANY SECRETARY}**