

Saurashtra Cement Limited

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LETTER OF APPOINTMENT

April 11, 2019

Mr. M. N. Rao
Prasanti Nilayam
6-3-248/A/1
Road No.1, Banjara Hills
Hyderabad-500 034.

Dear Mr. Rao,

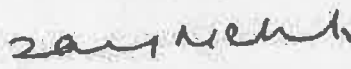
We are pleased to inform you that the Board of Directors (the "Board") of Saurashtra Cement Limited (the "Company") at its Meeting held on 24th May 2018 and the Members at the Annual General Meeting held on 14th August 2018 have approved your re-appointment as a Non-Executive, Independent Director of the Company to hold office for another term of five consecutive years with effect from 1st April 2019 to 31st March, 2024.

The revised terms of appointment as per amended Companies Act, 2013 and SEBI (LODR) Regulations and Code for Independent Directors is attached as Annexure I.

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 Saurashtra Cement Limited


Jay Mehta
EXECUTIVE VICE CHAIRMAN



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: M. N. Rao
Place: Hyderabad
Date: 18/4/2019

Annexure I – Terms of Appointment

1. Committees

The Board of Directors (the Board) may, if it deems fit, invite the Independent Director(s) for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. The Independent Directors appointment on such Committee(s) will be subject to the applicable regulations.

2. Time Commitment

By accepting this appointment, the Independent Director confirms that he/she is able to allocate sufficient time to meet the expectations from the Independent Director role to the satisfaction of the Board.

3. Role and Duties

The Independent Directors roles and duties will be those normally required of a Non-Executive Independent Director under Section 166 of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015 as amended from time to time. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

Section 166 of the Companies Act, 2013 is reproduced below:-

- (1) "Subject to the provisions of this Act, a director of a company shall act in accordance with the Articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees."

In addition to the above requirements applicable to all Directors, the role of the Non-Executive Director has the following key elements;

Strategy: Non-Executive Directors should constructively challenge and help in improving proposals on short-term and long-term strategy;



Performance: Non-Executive Directors should scrutinize the performance of management in meeting agreed goals and objectives;

Risk: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Non-Executive Directors take responsibility for the processes for accurately reporting on performance and the financial position of the Company; and

Compliance: Non-Executive Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company practices to accepted norms.

4. Status of Appointment

The Independent Director is not an employee of the Company and this letter shall not constitute a contract of employment. The Independent Director will be paid sitting fees for attending the meetings of the Board and its Committees as may be decided by the Board. Further, the Independent Director may be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

5. Reimbursement of Expenses

In addition to the sitting fees described in paragraph 4, the Company will, for the period of the Independent Director appointment, reimburse the Independent Director for travel and hotel expenses incurred by the Independent Director in the performance of his/her roles and duties.

6. Conflict of Interest

6.1 It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company. The Independent Director is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment and as per the statutory requirement .

6.2 In the event that the circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that the Independent Director is independent, this should be disclosed to both the Chairman and the Secretary.

7. Confidentiality

All information acquired during the appointment is confidential to SCL and should not be released, either during the Independent Director appointment or following termination (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, the Independent Director shall surrender any documents and other materials made available to the Independent Director by SCL.





The Independent Director's attention is also drawn to the requirements under the applicable regulations and the Company's Code of Conduct for Prohibition of Insider Trading, which concerns the disclosure of price sensitive information and dealing in the securities of the Company. Consequently the Independent Director should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Board of Directors.

8. Insurance

The Company has Directors' and Officers' Liability Insurance and it is intended that the Company will assume and maintain such cover for the full term of the appointment.

9. Declaration of Independence as provided in SEBI (LODR) Regulation 2015

"Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of Regulation 16 of the SEBI (LODR) Regulations, 2015 as amended from time to time and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

The Board of Directors shall take on record the declaration and confirmation by the independent director sub-regulation (8) after undertaking due assessment of the veracity of the same."

10. Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record the Independent Directors interest appropriately and our records are updated. A general notice that the Independent Director is interested in any contracts with a particular person, firm or company is acceptable.

11. Resignation/ separation

- a. The Independent Director may resign from the position at any time and should the Independent Director wish to do so, the Independent Director is requested to serve a reasonable written notice to the Board. At the time of resignation an Independent Director needs to provide detailed reasons for the resignation along with a confirmation that there is no other material reason other than those being provided.
- b. Continuation of the Independent Director appointment is contingent on the Independent Director getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013, the Articles of Association of the Company and SEBI (LODR) Regulation 2015, from time to time in force.





- c. The Independent Directors appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

Schedule IV of Section 149(8) of the Companies Act, 2013 is reproduced below:

"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) 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.

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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting 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.

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 formalized through a letter of appointment, which shall set out:
- the term of appointment;
 - 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;
 - the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - provision for Directors and Officers (D and O) insurance, if any;
 - the Code of Business Ethics that the company expects its directors and employees to follow;
 - the list of actions that a director should not do while functioning as such in the company; and
 - 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:

- 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.
- An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- 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:

- The independent directors of the company shall hold at least one meeting in a financial 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;
- The meeting shall:
 - review the performance of non-independent directors and the Board as a whole;
 - 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 and fulfillment of the independence criteria as specified in the regulations and their independence from the management, it shall be determined whether to extend or continue the term of appointment of the independent director."

SEBI (LODR) Regulation, 2015

Responsibilities of the Board as per SEBI (LODR) 2015 are reproduced below:

"1. Disclosure of Information

- a. Members of the Board and key executives should be required to disclose to the board of directors 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 Board of Directors and senior management shall 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.

2. Key functions of the Board

The board 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 listed entity's governance practices and making changes as needed.
- 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 nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- f. Monitoring and managing potential conflicts of interest of management, members of the board of directors 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 of directors evaluation framework.





3. Other responsibilities

1. The board of directors shall provide the strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
2. The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
3. Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
4. The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
5. Where decisions of the board of directors may affect different shareholders groups differently, the board of directors shall treat all shareholders fairly.
6. The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
7. The board of directors shall exercise objective independent judgment on corporate affairs.
8. The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgment to tasks where there is a potential for conflict of interest.
9. The board of directors shall 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.
10. The board of directors shall 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 listed entity's focus.
11. When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
12. Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
13. In order to fulfill their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
14. The board of directors and senior management shall facilitate the Independent Directors to perform their role effectively as the member of the board of directors and also a member of a committee of board of directors.

