



APPOINTMENT LETTER

Date _____

Name of the Director
Address

Subject: Letter of Appointment/ Re-appointment as an Independent Director

Dear Sir,

We are pleased to confirm that the Board of Directors of Sarda Plywood Industries Limited (“the Company”) has resolved to offer you a position as an Independent Director of the Company with effect from _____.

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 (“the Act”) pertaining to the Code of Independent Directors and Cause 49(II)(B)(4) of the Equity Listing Agreement, we intend to issue this formal letter of appointment.

You are requested to please sign and return the attached copy in acknowledgement.

Tenure of Appointment:

Your appointment will be for the period of five consecutive years commencing from _____ up to _____ subject to yearly review. Please do read the Article of Association of the Company to understand certain circumstances under which your appointment may cease.

Your appointment is not a contract of employment of the Company.

Terms of Appointment:

We thank you for your confirmation that you meet the independence criteria as envisaged in section 149(6) of the Act.

Declarations to be made on appointment

Pursuant to your appointment as an Independent Director in the Company, you will be required to furnish the declarations and documents as provided in **Annexure 1**.



Reappointment

On the conclusion of the first term of appointment of five consecutive years, you may further be appointed for a term of five consecutive years subject to the approval of the Board on the basis of the performance evaluation report and approval of shareholders by way of a special resolution.

Membership of other Boards:

You can continue on the Boards of other companies. However, there should not be any conflict of interest vis-à-vis our company. Upon joining as member of another Board, you will be required to inform the Company.

Retirement:

As provided under the Act, you will not be liable to retire by rotation at any General Meeting of the Company. Your appointment is subjected to the Retirement Policy of the Company.

Committees of the Board:

The Company has the following Committees:

- (a) Audit Committee
- (b) Nomination & Remuneration Committee
- (c) Stakeholders' Relationship Committee
- (d) Risk Management Committee

You may be requested to be a member/ Chairman if any one or more Committees/ Sub-Committees of the Board which may be constituted from time to time.

Meetings & Time Involvement:

- a. You will strive to attend all Board and Committee meetings.
- b. You will also strive to attend the General Meetings of the Company. Please note that attendance at the Annual General Meeting is mandatory in case of Chairman of the Audit Committee and recommended in case of Chairman of Nomination & Remuneration Committee
- c. The Independent Directors of the Company normally holds one meeting in each half year without the presence of non Independent Directors and Management. It is expected that an Independent Director of the Company shall be present at such meeting.

It is expected that you will give sufficient time, as may be appropriate and essential in line with your responsibilities and duties as an Independent Director.

Remuneration:

You will be paid such remuneration by way of sitting fees for attending the meetings of the Board and its Committees as may be decided by the Board from time to time.

Presently, the Sitting Fees paid to the Independent Directors for attending the Board and



Committee Meetings are as follows:

- a. Board Meeting – Rs.10,000/- per meeting
- b. Audit Committee Meeting – Rs.7,500/- per meeting
- c. Nomination & Remuneration Committee Meeting – Rs.6000/- per meeting
- d. Stakeholders' Relationship Committee Meeting – Rs.2,500/- per meeting

Professional Conduct

As an Independent Director, you shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising your duties;
- (c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- (d) devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- (e) not abuse your 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.
- (f) refrain from any action that could lead to a loss of your independence;
- (g) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly;
- (h) assist the Company in implementing the best corporate governance practices.

Functions, Responsibilities and Duties of Independent Directors:

Functions

- (a) To review the Company's strategy, the annual financial plan and monitor the Company's performance:
- (b) The primary role of the members of the Board is to exercise their business judgment to act in what they believe to be the best interests of the Company and its shareholders. It is the duty of the Board to ensure that the Management performs with competence and values to achieve the objectives of the Company. Generally, the Board meets once a quarter. The quarterly meeting of the Board includes updates on the business, financial and business-enabler functions and discussions on such updates. The Audit Committee of the Board reviews the Company's financials and recommends the same to the Board for its acceptance. The Board monitors the Company's performance against its annual financial plan at its quarterly meetings as well as at the end of the financial year.
- (c) To review and decide on succession planning of executive officers of the Company: The Nominations and Remuneration Committee of the Board works with the Board to develop an orderly plan for the succession of leadership of the Board and the executive officers of Company. The committee develops contingency plans for succession in the case of exigencies.
- (d) To advice and counsel the Management: The Board should be composed of individuals whose knowledge, background, experience and judgment are valuable to the Company. They should also be capable of providing advice to the executive officers of the



Company. Members of the Board have full access to the Management (executive officers) and other employees as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of the Management.

- (e) To monitor and manage potential conflicts of interests of the Management: The Audit Committee of the Board reviews and approves related party transactions, as required under the applicable laws and / or the rules of any of the stock exchanges or any government agencies applicable to the Company.
- (f) To oversee and ensure the integrity of financial information and legal compliance: The Audit Committee of the Board oversees the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in the overseeing of:
 - (i) the integrity of the Company's financial statements,
 - (ii) the Company's compliance with legal and regulatory requirements,
 - (iii) the independent auditor's qualifications, independence and performance, and
 - (iv) the Company's internal accounting and financial controls.

Responsibilities

As an Independent Director, you shall be responsible for tracking, reviewing and providing feedback on:

- a. **Strategy:** Independent Directors to constructively contribute to the development of the Company strategy;
- b. **Performance:** Independent Directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
- c. **Risk:** Independent Directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- d. **People:** Independent Directors responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. They also have a prime role in appointing, and, where necessary, removing senior management.
- e. **Reporting:** Independent Directors are responsible for the processes for accurately reporting on performance and the financial position of the Company
- f. **Compliance:** Independent Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company's practice to accepted norms.
- g. **Stakeholders:** Independent directors to balance the conflicting interests of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.



Duties

As an Independent Director, you shall:

- a. undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- b. actively and constructively participate in the meeting of the Board and Committees of the Board in which you may be a member or the Chairperson;
- c. strive to attend the general meetings of the Company;
- d. keep yourself well informed about the Company and the external environment in which it operates;
- e. ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- f. ensure that vigil mechanism of the Company is functioning adequately;
- g. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- h. within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;

Training of the Board:

Every new Independent Directors of the Board attends an orientation program wherein presentations are made by Executive Directors / Senior Managerial Personnel of the Company. The presentations cover an overview of Company's strategy and operations to familiarize the new inductees about the operations and functions of the Company.

Code of Conduct of the Company:

The Company has a well-defined Code of Conduct ensuring proper compliance with necessary regulations. Every Director is expected to abide by the Code of Conduct in complete letter and spirit.

Dealing in shares/ securities:

Directors are prohibited from dealing in the Company's shares/ securities during the period when the trading window is closed. You are required to comply with the applicable Insider Trading laws and regulations.

Liability of Non-Executive & Independent Directors:

Abiding by the provisions of the Act, we would like to mention that you being an Independent Director of the Company, will be held liable, only in respect of such acts of omission or commission which have occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you have not acted diligently.

Confidentiality:

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by



whatever means) to third parties without prior clearance from the Board unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

It is expected that you will not serve on the boards of competing companies. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

Governing Law

This agreement is governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the Indian courts.

We have great pleasure in welcoming you on the Board and look forward to working closely with you.

Thanking you,

Yours faithfully,

For SARDA PLYWOOD INDUSTRIES LIMITED

Sd/-

(SUDEEP CHITLANGIA)

Managing Director