

**SALEM ERODE INVESTMENTS LIMITED**

**CIN : L31200WB1931PLC007116**

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**TERMS OF APPOINTMENT OF INDEPENDENT DIRECTOR**

1. As advised by the Board, during the tenure of office, you may be required to serve on one or more of the committees of the Board established by the Company. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter which sets out the functions of that Committee. Currently, the Board has five committees: Audit Committee, Nomination and Remuneration Committee (NRC), Shareholders Grievance Committee (SRC), and Corporate Social Responsibility (CSR) Committee. All committees consist entirely of independent directors. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The chairperson of the Board, in consultation with the Company Secretary and the committee chairperson, determines the frequency and duration of the committee meetings. The meetings of the audit, nomination and remuneration, Shareholders Grievance Committee taken together last for the better part of a working day. Recommendations of the committees are submitted to the full Board for approval. The quorum for meetings is either two members of the committee or one-third of the members of the committee, whichever is higher.

2. Every new independent director of the Board attends an orientation program. Presentations are made by senior managerial personnel. The presentations cover an overview of our strategy and operations to familiarize the new inductees about the strategy, operations and functions of our Company. The orientation program will cover the following topics-

- Company's strategy
- Operations
- Service offerings
- Product offerings
- Markets
- Organization structure
- Finance
- Technology
- Facilities

**3. 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 allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- (f) 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.
- (g) Refrain from any action that could lead to a loss of your independence;
- (h) Ensure that if circumstances arise under which you may lose your independence, you will immediately

- inform the Board accordingly, and
- (i) assist the Company in maintaining the best corporate governance practices.

#### **4. Functions**

**(a) To review the Company's strategy, the annual financial plan and monitor the Company's performance:**

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 valuations 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.

**(b) To review management performance and compensation:**

The Nomination and Remuneration Committee of the Board evaluates the performance of the executive officers of the Company and recommends their compensation for the ensuing year to the Board.

**(c) To review and decide on succession planning of executive officers of the Company:**

The Nomination 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 advise 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 BSE or any of the Indian 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 (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, and (4) the Company's internal accounting and financial controls.

#### **Responsibilities**

Independent directors have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

**The Board:**

- (a) provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- (b) sets the Company's strategic aims, ensures that the necessary financial and human resource requirements are in place for the Company to meet its objectives, and reviews management performance;
- (c) sets the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.

In addition to the criteria mentioned in the previous sections for the induction of directors, the role of independent directors also includes 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) Stakeholders: Independent directors to balance the conflicting interest 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 familiarity with the Company;
- (b) seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- (c) strive to attend every meeting of the Board and of the Board committees of which you are a member;
- (d) actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- (e) strive to attend the general meetings of the Company;
- (f) ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- (g) keep yourself well informed about the Company and the external environment in which it operates;
- (h) not unfairly obstruct the functioning of an otherwise proper Board or committee;
- (i) ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- (j) ensure that the whistleblower function of the Company is functioning adequately;
- (k) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- (l) within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees, and

(m) not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

**5. Memberships of other boards**

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.

**6. Information on meetings**

Scheduling and selection of agenda items for Board meetings

Dates for the Board meeting for the ensuing year are decided in advance and published in the Annual Report. Generally, the Board meetings are held at the Company's Registered Office at Kolkata India. The Chairman of the Board and the Company Secretary, in consultation with the Chief Financial Officer (CFO), draft the agenda for each meeting, along with explanatory notes, and distribute it in advance to the Board members. Every Board member is free to suggest the inclusion of items on the agenda. Normally, the Board meets once a quarter to review the quarterly results and other items on the agenda. The Board also meets during the annual shareholders' meeting. Additional meetings are held based on need.

The Board, being represented by non-executive/independent directors from various parts of the globe, it may not be possible for each one of them to be physically present at all the Board meetings. The Company provides video / teleconference facilities to facilitate participation.