

## **TERMS AND CONDITIONS FOR APPOINTMENT AS INDEPENDENT DIRECTOR FOR SOLITAIRE MACHINE TOOLS LIMITED**

The terms and Conditions of the appointment, which shall, in any event be subject to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Articles of Association of the Company, are set out below.

The broad terms and conditions of their appointment as Independent Directors are reproduced hereunder:

### **APPOINTMENT**

1. The appointment as Non-Executive & Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013.
2. In compliance with provisions of section 149(13) of the Companies Act, 2013, their directorship is not subject to retirement by rotation.
3. Notwithstanding other provisions of this letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
4. Upon termination or upon your resignation for any reason, duly intimated to the Company, the Independent Directors will not be entitled to any compensation for loss of office.

### **TIME COMMITMENT**

5. As Independent Director, they are expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board generally meets four times in a year. The Audit Committee generally meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholder Relationship Committee, etc. meetings of which are ordinarily convened as per requirements. The Independent Directors will be expected to attend Board and Board Committees to which they may be appointed and Shareholders meetings and to devote such time, as appropriate for them to discharge their duties effectively. Ordinarily, all meetings are held in Vadodara except the Annual General Meeting.
6. By accepting the appointment, the Independent Directors confirm that they are able to allocate sufficient time to meet the expectations from their role to the satisfaction of the Board.

## **ROLE AND DUTIES**

7. Their role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non- Executive, which are fiduciary in nature and are as under:
  - I. They shall act in accordance with the Company's Articles of Association as may be amended from time to time.
  - II. They 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 interest of the Company.
  - III. They shall discharge your duties with due and reasonable care, skill and diligence.
  - IV. They shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
  - V. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
  - VI. They shall not assign their office as Director and any assignments so made shall be void.

In addition to the above requirements the Board of Directors also expect them to perform the following functions:

- I. They should constructively challenge and help develop proposals on strategy for growth of the Company.
- II. They should evaluate the performance of management in meeting agreed goals and objectives.
- III. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
- IV. They 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.
- V. They will take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
- VI. They should keep governance and compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.

## **STATUS OF APPOINTMENT**

8. They will not be an employee of the Company and this letter shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board. Further, They will also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.
9. The sitting fees presently paid to the Non-Executive Independent Director is Rs. 5000/- per meeting of the Board or a Committee thereof.

10. They will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

#### **REIMBURSEMENT OF EXPENSES**

11. In addition to the remuneration described above, the Company will, for the period of their appointment, reimburse them for travel, hotel and other incidental expenses incurred in the performance of their role and duties.

#### **CONFLICT OF INTEREST**

12. It is accepted and acknowledged that they may have business interests other than those of the Company. As a condition to their appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of their appointment.
13. In the event that your 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 judgement that they are independent, this should be disclosed to the Chairman.

#### **EVALUATION**

14. The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. Independent Directors appointment and reappointment on the Board shall be subject to the outcome of the yearly evaluation process.

#### **DISCLOSURE OF INTEREST**

15. Any material interest that a Director may have in any transaction or arrangement that the Company has entered into should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record their interest appropriately and the records are updated. A general notice that they are interested in any contract with a particular person, firm or company is acceptable.

#### **CODE OF CONDUCT**

16. During the appointment they are required to comply with regulations as contained in Schedule IV under Companies Act, 2013, including the Code of Conduct.

#### **CONFIDENTIALITY**

17. All information acquired during their appointment is confidential to the Company and should not be released, either during their 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, they shall surrender any documents and other materials made available to them by the Company.

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

#### **MEMBERSHIP OF COMMITTEES**

20. The Board of Directors may appoint the Independent Directors as Member / Chairman of one or more of its Committees.

#### **TERMINATION**

21. The Independent Directors may resign from their position at any time by serving a reasonable written notice on the Board.
22. Continuation of Independent Directors appointment is contingent on their getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.
23. Their appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

#### **GOVERNING LAWS**

24. The appointment of Independent Directors and any non-contractual obligations arising out thereof shall be governed by and be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of India.