

SOBHAGYA MERCANTILE LIMITED

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The Terms and Conditions of appointment of Independent Directors are as under:

1. INDEPENDENCE

The appointment as an Independent Director is in due consideration of declaration of being qualified as 'Independent' and appointment is subject to continued status as "Independent" as per the requirement of the Companies Act, 2013 and the Listing Regulations as amended from time to time.

2. APPOINTMENT

The Company has adopted the provisions with respect to appointment and tenure of Independent Director which is consistent with the Companies Act, 2013 and the Listing Regulations as amended from time to time.

Appointment is for an initial term of five years, unless otherwise terminated earlier by and at the discretion of either party. Independent Directors are typically expected to serve two five-year terms.

Appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

3. COMMITTEES

The Board of directors may appoint Independent Director as Member/ Chairman of one or more of its committees subject to the applicable law and Regulations.

4. TIME COMMITMENT

Considering the nature of the role of a director, it is difficult for the Company to lay down specific parameters on time commitment. Independent director should devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.

5. ROLES AND RESPONSIBILITIES

Independent Directors have the same general legal responsibilities to the company as any other Director. Independent Director of the Company, is required:

- ❖ to act in accordance with the Company's Articles of Association.
- ❖ to discharge duties with due and reasonable care, skill and diligence.
- ❖ not to achieve or attempt to achieve any undue gain or advantage either to himself or to any related person/ party.
- ❖ to 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.
- ❖ not to involve in a situation conflicting with the interest of the Company and to put the interests of Company above others.

In addition to the above requirements applicable to all Directors, role of the Independent Directors shall also include duties as prescribed in Schedule IV of Companies Act, 2013.

Independent director will be invited to attend ongoing training and familiarization sessions, including briefings from management.

6. DIRECTORS' REMUNERATION

Directors of the Company are entitled to sitting fees for attending each meeting of the Board and Committee thereof and such commission on Net profits as may be recommended by the Nomination and Remuneration Committee of the Board and approved by the Board of Directors and the Shareholders from time to time. The Company shall also reimburse all reasonable and properly documented expenses that are incurred by a director in performing the duties for the Company.

7. CONFLICT OF INTEREST

It is accepted and acknowledged that Independent Director may have business interests other than those of the Company. As a condition precedent to commencement of the appointment, Independent Director is required to declare to the Company any such directorships, appointments and interests to the Board. Thereafter Independent Director is required to declare to the Company whenever there is any change in the circumstances which may affect his/her status as an Independent Director.

8. CONFIDENTIALITY

During their tenure Independent Directors of the Company are privy to information that is confidential to the Company. All such information acquired during tenure should not be released to third parties without prior clearance from the Chairperson.

9. EVALUATION PROCESS

As a member of the Board, performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each Director shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee of the Board.

10. INSURANCE

The Company may propose to take Directors' and Officers' Liability Insurance and it is intended that the Company will assume and maintain such cover for the full term of employment.

11. DISCLOSURE OF INTEREST

Any material interest that Independent 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 his/her interest appropriately and records are updated. A general notice that he/she is interested in any contract with a particular person, firm or Company is acceptable.

12. GOVERNING LAW

This appointment 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 at Mumbai.