

POLYCAB

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POLYCAB INDIA LIMITED

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT
DIRECTORS

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS OF THE COMPANY IN ACCORDANCE WITH THE REQUIREMENTS OF SCHEDULE IV TO THE COMPANIES ACT, 2013 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

1. TERM OF APPOINTMENT:

The term of appointment shall be as per the letter of appointment ('term') provided to the Independent Directors of the Company unless terminated earlier (suo moto or as per operation of law) as per the provisions of the letter of appointment and the applicable laws.

The re-appointment at the end of the term shall be subject to the approval of the Board of Directors and the Shareholders.

Independent Directors shall continue to serve on the Board Committees of the Company (till such time the Board decides otherwise) as per the functions and duties mentioned in the charter of the respective Committees.

The Board may from time to time, based on Independent Directors functional expertise and availability, induct them on other Board Committees, as it may consider appropriate.

2. OTHER TERMS AND CONDITIONS:

a) Roles, Duties and Responsibilities

Without limiting the generalities of the roles, duties and responsibilities stated in the Companies Act, 2013 as amended from time to time, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and Code of Conduct for Prevention of Insider Trading framed thereunder and other applicable laws, as an Independent Directors, they are expected to discharge the role, duties and responsibilities as set out in the Code for Independent Directors (Schedule IV of the Companies Act, 2013) annexed hereto as **Annexure-A**, relevant provisions of the Companies Act, 2013, as set out in **Annexure-B**, and provisions of Clause 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 annexed hereto as **Annexure-C**.

The Board may, from time to time, assign the Independent Directors such other roles, functions, and duties as it may consider appropriate in the best interest of the Company and its stakeholders, at large.

Independent Directors of the Company should also do the following acts:

- i. they shall furnish interest and declarations to the Company;
- ii. they shall not assign office and any assignment so made shall be void;
- iii. they shall ensure that your number of directorships/ board committee memberships/ chairmanships shall be within the limits prescribed under the provisions of Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;
- iv. they shall ensure that they fulfil the parameters of 'Independence' as defined under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. They are required to furnish a declaration every year confirming their eligibility to hold the office as an Independent Director of the Company and inform whenever there is a change in the circumstances which may affect their status as an Independent Director;

- v. they are restricted from participating in the discussions on contracts or arrangements with parties where you are interested or concerned in any manner; and
- vi. they are required to inform the Company in a timely manner about any changes, if any, in disclosure.

b) Insurance

The Company has in place a Directors' and Officers' Liability Insurance Policy. The Management intend to continue to maintain such insurance cover for the term of Independent Directors appointment, subject to the terms of such policy in force from time to time. A copy of the policy document is separately forwarded to each Independent Director.

c) Code of Business Ethics

The Code for Independent Directors contained in Schedule IV of the Companies Act, 2013 shall ipso facto apply to all the Independent Directors. In addition to the same, the Code of Conduct as formulated by the Company in compliance with the requirement of Clause 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also applicable to all the Independent Directors. They are required to comply with the same. The same is uploaded at the website of the Company www.polycab.com.

d) Remuneration and Expenses

As an Independent Director of the Company, Independent Directors shall be paid sitting fees for attending the Meetings of the Board and its Committees of which you are a member at the rates determined by the Board from time to time. The sitting fees per meeting as approved by the Board of Directors in its meeting held on 19th January 2023 are as under:

Meeting	Sitting Fees
Board	Rs. 100,000/-
Committee	Rs. 80,000/-

The fees and commissions will be subject to deduction of tax at source at the rate and in the manner prescribed under the Income Tax Act, 1961. The tax deduction certificate for the tax deducted is provided to all the Independent Directors in accordance with the provisions of Income Tax Act, 1961.

Further, the Company will reimburse to the Independent Directors such fair and reasonable expenses, as may have been incurred by them while performing their role as an Independent Director of the Company, including conveyance/ travelling/ accommodation expenditure incurred by them for attending board / committee/ general body meetings, induction, and training (organized by Company for Directors).

For Polycab India Limited

Sd/-

**Inder T. Jaisinghani
Chairman & Managing Director**

Annexure A

CODE FOR INDEPENDENT DIRECTORS

SCHEDULE IV

[See Section 149(8)]

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment 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 bonafide 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 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;
- (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 judgement 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 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 behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy;
- (12) acting within his 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 showing that in the opinion of the Board, the independent Director proposed to be appointed fulfils 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:
 - a) The term of appointment;
 - b) 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;
 - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d) provision for Directors and Officers (D and O) insurance, if any;
 - e) the Code of Business Ethics that the Company expects its directors and employees to follow;

- f) the list of actions that a director should not do while functioning as such in the Company;
 - g) 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:

- (1) 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;
- (2) An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be;
- (3) Where the Company fulfils 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:

- (1) The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the Company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) Review the performance of non-independent directors and the Board as a whole;
 - (b) 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, it shall be determined whether to extend or continue the term of appointment of the independent director.

Annexure B
COMPANIES ACT, 2013

Section 2 (60) of the Companies Act, 2013: Definition

“Officer who is in default” for the purpose of any provision in this Act which enacts that an officer of the Company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a Company, namely:

1. Whole-time director;
2. Key managerial personnel;
3. Where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
4. Any person, who under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorizes, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;
5. Any person in accordance with whose advice, directions or instructions the Board of Directors of the Company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
6. Every director, in respect of contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;
7. In respect of the issue or transfer of any shares of a Company, the share transfer agents, registrars and merchant bankers to the issue or transfer.

Section 134 (5) of the Companies Act, 2013: Financial Statement, Board’s Report etc.

The Director’s Responsibility Statement referred to in clause (c) of sub-section (3) shall state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared annual accounts on a going concern basis;
- (e) The directors, in the case of a listed company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
Explanation – For the purpose of this clause, the term “internal financial controls” means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Section 149 (6) of the Companies Act, 2013:

An Independent Director in relation to a Company, means a director other than a Managing Director or a whole-time director or a nominee director:

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

- (b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
- (ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- (c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives -
 - i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or Directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
 - iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
- (e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(f) who possesses such other qualifications as may be prescribed.

Section 149 (8) of the Companies Act, 2013:

The Company and independent directors shall abide by the provisions specified in Schedule IV.

Section 149 (12) of the Companies Act, 2013:

Notwithstanding anything contained in this Act:

1. An independent director;
2. A non-executive director not being promoter or key managerial personnel shall be held liable, only in respect of such acts, omission or commission by a Company which had occurred with his knowledge attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

Section 166 of the Companies Act, 2013: Duties of Directors

1. Subject to the provisions of this Act, a director of a Company shall set 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 judgement;
4. A director of a Company shall not involve in a situation in which he may have a director 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 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 provision 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.

Section 188 (5) of the Companies Act, 2013: Related Party Transactions

Any director or any other employee of a Company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall –

1. In case of a listed Company, be liable to a penalty of twenty-five lakh rupees and
2. In case of any other Company, be liable to a penalty of five lakh rupees

Annexure C

OBLIGATIONS WITH RESPECT TO INDEPENDENT DIRECTOR

Clause 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. A person shall not serve as an independent director in more than seven listed entities:

Provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three listed entities.

2. The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
3. The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.
4. The independent directors in the meeting referred in sub-regulation (3) shall, *interalia*-
 - a) review the performance of non-independent directors and the board of directors as a whole;
 - b) review the performance of the chairperson of the listed entity, 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 management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.
5. An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.
6. An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:

Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.

7. The listed entity shall familiarize the independent directors through various programs about the listed entity, including the following:
 - a) nature of the industry in which the listed entity operates;
 - b) business model of the listed entity;
 - c) roles, rights, responsibilities of independent directors; and
 - d) any other relevant information.