

NORTHERN SPIRITS LIMITED

Salient Features - Terms and Conditions - For the Appointment of an Independent Director of Northern Spirits Limited ('the Company')

The Salient Features - Terms and Conditions - For the appointment of an Independent Director of Northern Spirits Limited (OR "the Company") as set out hereunder are subject to the extant provisions of the (i) applicable laws, including the Companies Act, 2013 read with the rules made thereunder, (as amended), and (ii) Articles of Association of the Company. The relationship of the appointee with the Company will be that of an office holder and not one of contract for employment of the Company.

Terms of Appointment

Subject to detailed terms of appointment letter, as an Additional Director (Category – Non-executive, Independent) of the Company, the appointee will hold office up to the date of the ensuing Annual General Meeting of the Company.

The appointee may be appointed as a Director (Category – Non-executive, Independent) by the Shareholders (Members) of the Company at the ensuing Annual General Meeting subject to other compliances under the Act read with the rules made there under for a fixed term of maximum five (5) consecutive years.

As a Director (Category – Non-executive, Independent), the appointee will not be liable to retire by rotation pursuant to the provisions of Section 149(13) of the Act read with relevant rules made there under.

The appointment is subject to the followings: -

- (i) During tenure of the appointee as a Director (Category – Non-executive, Independent), the appointee has to submit a declaration at the beginning of every financial year under Section 149(7), 149(6) of the Act read with relevant rules made there understating that he / she meets the criteria of Independence.

However, If at any stage during the term, there is a change that may affect the status of the appointee as an Independent Director as envisaged in Section 149(6) of the Act read with relevant rules made there under or if applicable, the appointee fail to meet the criteria for 'Independence' the appointee agree to promptly submit his / her resignation to the Company with effect from the date of such change.

- (ii) The appointee shall not hold office as a Director or act as a Chairman or Committee Member in excess of the limit/s stipulated under the Act read with relevant rules made there under.
- (iii) The appointee shall ensure that he or she do not get disqualified to act as a Director pursuant to the provisions of Section 164 and/or other applicable provisions, if any, of the Act read with relevant rules made there under.
- (iv) The appointee shall ensure that he or she was or is not debarred from holding the office of a Director [Category - Non-executive, Independent] pursuant to any order of the SEBI or such other authority in terms of SEBI's Circular No. LIST/COMP/14/2018-19 dated 20th June 2018 on the subject "Enforcement of SEBI Orders regarding appointment of Directors by listed companies".
- (v) The appointee shall abide by the Code of Independent Directors as outlined in Schedule IV to Section 149(8) of the Act read with relevant rules made there under and duties of a Director as provided in the Act (including Section 166) read with relevant rules made there under, the relevant provisions have been extracted and attached to this as an Annex A.

Board and Committees of the Board

The Board may, if it deems fit, invite the appointee for being appointed on one or more existing Board Committee/s namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders' Relationship Committee, Risk Management Committee, or any such Committee that is being formed or constituted from time to time. The appointment on such Committee(s) will be subject to the applicable regulations.

The Meeting/s of the Board of Directors and its Committee/s were convened and/or held as per requirements of applicable regulations and necessity of the business of the Company.

The Board and its Committee/s meets as frequently as necessary. The Board and its Committee Meeting/s are generally held at the Registered Office or Corporate Office of the Company at Bhilwara, Rajasthan, India.

The appointee will be expected to attend the Meeting/s of the Board and its Committee/s to which he / she may be appointed and also the General Meeting/s of the Shareholders (Members) of the Company and to devote such time in commensurate with the role to discharge his / her duties effectively. By accepting this appointment, the appointee confirm that he / she is able to allocate sufficient time to meet the expectations from his / her role to the satisfaction of the Board.

Duties and Responsibilities

As a Director (Category – Non-executive, Independent), it is expected that the appointee shall bring independence of view to the Board's discussions and help the Board to exercise their best judgment to all business decisions. The presence on the Board shall also assist the Board with valuable guidance in relation to the Company's plan and policy, performance and risk management as well as ensuring high standards of financial probity and corporate governance.

As a Director (Category - Non-executive, Independent), the appointee have the same responsibilities to the Company and its Stakeholders like any other Director/s of the Company. There are certain duties prescribed in Section 166 of the Companies Act, 2013 for all the Director/s, both Executive and Non-executive, which are fiduciary in nature and are as under :-

- (i) The appointee shall act in accordance with the Company's Articles of Association.
- (ii) The appointee 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) The appointee shall discharge his / her duties with due and reasonable care, skill and diligence.
- (iv) The appointee shall not involve himself / herself in a situation in which he / she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- (v) The appointee shall not achieve or attempt to achieve any undue gain or advantage either to himself / herself or to his / her relatives, partners or associates.
- (vi) The appointee shall not assign his / her office as a Director and any assignments so made shall be void.

As a member of the Board, the appointee along with other Directors will be collectively responsible for meeting the objectives of the Board which includes–

- (a) requirements under the Companies Act, 2013 read with the rules framed there under and also the Memorandum and Articles of Association of the Company;
- (b) accountability under the Directors' Responsibility Statement;
- (c) upholding ethical standards of integrity and probity;

- (d) acting objectively and constructively with due and reasonable care, skill and diligence while exercising duties;
- (e) exercising responsibilities in a bona fide manner in the interest of the Company;
- (f) guiding in the areas of expertise; and
- (g) assisting the Company in implementing the best corporate governance practices.

Conflict of Interest

As a Director (Category – Non-executive, Independent), the appointee shall not engage in any business relationship or activity which might conflict with the interest of the Company.

In case of any potential conflict of interest, the appointee must at the earliest opportunity make full disclosure of all facts and circumstances and shall ensure that Company's interests are protected.

Code of Business Conduct & Ethics

The appointee shall abide by the Code of Business Conduct and Ethics, which is applicable to all the Members of the Board and Senior Management of the Company.

Dealing in Shares

The appointee shall also abide by the "Code of Conduct" for Prevention of Insider Trading in respect of the Company's Securities as per the requirement of SEBI Regulations.

Consequently, the appointee should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Compliance Officer of the Company.

Remuneration

They will be paid such remuneration by way of sitting fees for attending the meetings of the Board and the committees as may be decided by the Board for time to time, subject to approval of the members if required.

In addition to the remuneration described above, the Company shall, for the period of appointment, reimburse the appointee for travel, hotel and other incidental expenses, if any, incurred by the appointee in the performance of his / her role and duties.

Induction Session and Performance Evaluation

Subsequent to appointment, the appointee will be provided with an opportunity to attend an initial induction session and, thereafter, ongoing training and familiarisation sessions, briefings from management and plant visits. The appointee may undertake appropriate induction to the Board and regularly update skill and knowledge.

The Company has adopted a policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Director/s, including the Chairman of the Board.

As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committee/s and Director/s on an annual basis. The appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

Professional Advice

There may be occasions when the appointee considers that he / she needs professional advice in furtherance of his / her duties as a Director and it will be appropriate for the appointee to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

Disclosure of Concern or interest

The Company is required to disclose in its Annual Report, a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest 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 the records are updated. A general notice that the appointee is interested in any contracts with a particular person, firm or company is acceptable.

Termination

- (i) The appointee may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the appointee in the notice, whichever is later.
- (ii) The appointment including re-appointment is contingent on his / her getting re-elected by the Shareholders (Members) of the Company in accordance with provisions of Act read with the rules made there under, the Articles of Association of the Company, and the Listing Regulations, as amended, from time to time and in force. The

appointee will not be entitled to any compensation if the Shareholders (Members) of the Company do not re-elect the appointee at any time.

- (iii) The directorship on the Board of the Company shall terminate or cease in accordance with the applicable laws, apart from the grounds of termination as specified in the Act read with the relevant rules framed there under.
- (iv) The appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

Confidentiality

As a Director (Category – Non-executive, Independent), the appointee must apply the highest standard of confidentiality and not disclose to any person or company (whether during the course of appointment or following cessation) any confidential information concerning the Company, which the appointee may have acquired in the course of his / her role as a Non-executive, Independent Director of the Company.

The appointee shall not disclose or release any confidential information, which the appointee may acquire or come across during his / her tenure to any third parties, either during the appointment or following cessation (by whatever means) without prior clearance from the Compliance Officer of the Company unless the same is required by law or by the rules of any stock exchange or regulatory authorities.

General

This appointment letter is governed by and shall be interpreted in accordance with the Indian law and shall be subject to the jurisdiction of the Indian Court/s.

ANNEX - A

The Companies Act, 2013 Section 166 - Duties of Directors

1. Subject to the provisions of this Act, a director of a company shall act 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 judgment.
4. A director of a company shall not involve in a situation in which he may have a direct 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 to 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 provisions 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.

SCHEDULE IV
Code for Independent Directors

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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 *bona fide* 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 judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment 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. Roles and Functions:

An independent director shall:

1. help in bringing an independent judgment 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 the performance of board and management;
3. scrutinise 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 those 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:

An independent director 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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

12. act within their 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 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 formalised 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; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board's 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. Reappointment:

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