

THE INDIAN STEEL & WIRE PRODUCTS LIMITED

POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS

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GLOSSARY

“Act” or “CA,2013” or “CA”	means the Companies Act, 2013, to the extent notified, from time to time, and includes any re-enactment thereof, with all schedules and tables thereunder, as notified, with effect from the date of such notification in the official gazette of India including all rules, notifications, circulars, clarifications and orders issued thereunder including certain provisions of the Companies Act, 1956, as and where specified, and “Section” shall mean a section of the said Act
“Board”	implies the Board of Directors of the Company
“Company”	implies The Indian Steel & Wire Products Limited
“Committee”/or “NRC”	implies the Nomination and Remuneration Committee of the Company
“Directors”	implies the directors on the Board
“Executive Director” or “ED”	implies Executive Director of the Company
“Independent Director” or “ID”	implies a non-executive Director of the Company, other than a nominee Director and who is neither a promoter nor belongs to the promoter group of the Company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013.
“Key Managerial Personnel” “KMP”	In relation to the Company, means the following key managerial personnel: a. the Chief Executive Officer and/or Managing Director b. Company Secretary c. Whole-time Director d. Chief Financial Officer
“MD”	implies the Managing Director of the Company

“Policy” implies this Policy on appointment and removal of Directors as framed by the Committee; Policy on remuneration for directors, key managerial personnel and other employees; Process and criteria for annual performance evaluation of the Board, its Committees and Directors, as applicable

“Parent Company” Parent Company means a person/company who has control over the affairs of the Company, directly or indirectly, as a shareholder or otherwise and in accordance with whose advice, directions or instructions, the Board of Directors of the company is accustomed to act.

POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS

1. INTRODUCTION

- 1.1. In terms of Section 178 of the Companies Act, 2013, rules made thereunder, the Committee has formulated this policy on appointment and removal of Directors. The Policy has been adopted by the NRC vide its resolution dated 31st March 2015 and approved by the Board of Directors vide its resolution dated 31st March 2015.
- 1.2. This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors.

2. OBJECTIVE OF THE POLICY

- 2.1 To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence. [CA Sec. 178] and who may be appointed as the Senior Management of the Company.

3. APPOINTMENT OF DIRECTORS

This Policy enumerates guidelines to be used by NRC in selecting / appointing / re-appointing and removal of a Director.

For all the above stated matters, the Parent Company may make suggestions from time to time, to Chairman, NRC or to representative of the Parent Company, who may incorporate the same while recommending to the Board.

- 3.1 Assess skill-sets the Board needs given the strategies, challenges faced by the Company.
- 3.2 In selecting individuals for appointment/re-appointment/removal of directors, the NRC to refer to the following guidelines/policies:
 - 3.2.1 Board Membership Criteria (Refer **Schedule A**)
 - 3.2.2 Board Diversity Policy, if any, framed as per the requirement of law (Refer **Schedule B**)
 - 3.2.3 Criteria for determining independence of directors (in case of appointment of Independent Directors (Refer **Schedule C**))

3.3 Request candidature from the database maintained by Parent Company.

3.4 NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.

3.5 NRC to recommend the appointment of shortlisted candidate to the Board for its consideration.

3.6 Emergency Succession: If position of a Director suddenly become vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting at the earliest opportunity to fill such vacancy.

4. POLICY IMPLEMENTATION

4.1 The Committee is responsible for recommending this Policy to the Board.

4.2 The Board is responsible for approving and overseeing implementation of this Policy (with the support of the Committee)

5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule A

BOARD MEMBERSHIP CRITERIA

The Nominations and Remuneration Committee works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service. Characteristics expected of all directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations management, public policy, international relations, legal, governance and other disciplines relevant to the success of the Company in today's business environment; understanding of the Company's business; experience in dealing with strategic issues and long-term perspectives; maintaining an independent familiarity with the external environment in which the company operates and especially in the directors particular field of expertise; educational and professional background; personal accomplishment; and geographic, gender, age, and ethnic diversity.

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

In determining whether to recommend a director for re-election, the Committee, also considers the director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with the responsibilities at The Indian Steel & Wire Products Limited.

Schedule B

Board Diversity Policy

1. PURPOSE

The need for diversity in the Board has come into focus post the changes in the provisions of the Companies Act, 2013 (“Act”).

The NRC has framed this policy to set out the approach to diversity on the Board of the Company (“Policy”).

2. SCOPE

This Policy is applicable to the Board of the Company.

3. POLICY STATEMENT

The Company recognizes the importance of diversity in its success. It is essential that the Company has as diverse a Board as possible.

A diverse Board will bring in different set of expertise and perspectives. The combination of Board having different skill set, industry experience, varied cultural and geographical background and belonging to different race and gender will bring a variety of experience and viewpoints which will add to the strength of the Company.

While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies.

The Committee reviews and recommends appointments of new directors to the Board. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, race, gender and other diversity of the Board.

To meet the objectives of driving diversity and an optimum skill mix, the Committee may seek the support of Parent company.

4. MONITORING AND REPORTING

The Committee will report annually, in the Annual Report of the Company, the process it employed in Board appointments. The report will include summary of this Policy including purpose and the progress made in achieving the same.

5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise

6. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule C

CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS

1. *Purpose*

The purpose of this policy is to define guidelines that will be used by the Board to assess the independence of Directors of the Company.

2. *Independence Guidelines*

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board has established the categorical standards set forth below to assist it in making such determinations. In order for a Director to be considered independent, the Director:

- 2.1 Shall not be Managing Director or a Whole time Director or a Nominee Director.
- 2.2 Shall be, in the opinion of the Board, a person of integrity and shall possess relevant expertise and experience.
- 2.3 Shall not be a promoter of the Company or its holding, subsidiary or associate Company.
- 2.4 Shall not be related to promoters or Directors in the Company, its holding, subsidiary, or associate Company.
- 2.5 Apart from receiving Director's remuneration, shall not have any pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income, with the Company, its holding, its subsidiaries, its associate companies, its promoters, or Directors, during the current financial year or immediately preceding two financial years.
- 2.6 Relatives shall not —
 - (i) Hold 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 INR 50 Lakhs or 2% of the paid-up capital of the company, its holding, subsidiary or associate company;
 - (ii) Be indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of INR 50 Lakhs during the two immediately preceding financial years or during the current financial year;
 - (iii) Have 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 INR 50 Lakhs during the two immediately preceding financial years or during the current financial year; or

- (iv) Have any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to 2% 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).

2.7 Neither himself / herself nor any of his / her relatives shall hold or has held the position of a KMP 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.

2.8 Neither himself / herself nor any of his / her relatives shall or has been an employee or proprietor or a partner, in any of the 3 financial years immediately preceding the financial year, of:

- a) a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company;
- b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;
- c) holds together with his relatives 2% or more of the total voting power of the Company ("Substantial Shareholder");
- d) a Chief Executive or Director, by whatever name called, of any non-profit organization that receives 25%, or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds 2%, or more of the total voting power of the Company. [CA Sec 149 (6)]

2.9 Has not held office for more than 2 consecutive terms on the Board of the Company [CA Sec. 149]

2.10 Who possesses such other qualifications as may be prescribed by the Companies Act, 2013.

DEFINITIONS IN ADDITION TO THOSE PROVIDED ABOVE

1. **"Nominee Director"** implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests. [Companies Act 2013 – 149 Explanation]

2. **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. [Sec 2(6) of CA, 2013]

Explanation— for the purposes of this clause, “significant influence” means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;

3. **“Relative”** implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (includes step-father), Mother (includes step-mother), Son (includes step-son), Son’s wife, Daughter, Daughter’s husband, Brother (includes step-brother), Sister (includes step-sister) [CA Sec. 2(77)]

Explanations:

Consecutive Terms: He/ she shall be eligible for appointment as Independent Director after the expiration of three years of ceasing to be a Director on the Board of the Company provided that he / she shall not during the said period of three years, be appointed in or associated with The Indian Steel & Wire Products Limited in any other category, either directly or indirectly.