

POLICY GOVERNING APPOINTMENT OF THE DIRECTORS

A. OBJECTIVE:

The operations of the Company are managed under the direction of the Board and within the framework set by the Companies Act, 2013, the Listing Agreement with Stock Exchanges and the Articles of Association of the Company. The Directors are also governed by Internal codes / procedures prescribed within the Company from time to time.

This Policy lays down the framework (formulated in accordance with the applicable laws of land) which acts as a guide for the appointing authority for appointment of the Directors on the Board.

This Policy shall be framed and implemented by the Nomination & Remuneration Committee, subject to approval by the Board

B. GUIDING PRINCIPLES FOR APPOINTMENT OF THE DIRECTORS:

The Nomination & Remuneration Committee (NRC) has been constituted by the Board so as to fulfill the aforesaid purpose. One of the main role of the said Committee as stated in its Charter is to identify the persons who are qualified to become Directors in accordance with the criteria laid down herein and recommend their appointment to the Board.

The Company's Board shall comprise of Directors possessing diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations.

The Committee shall select those persons as the Directors of the Company who have willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

A Director shall possess the highest personal and professional ethics, integrity and values. They shall be able to balance the legitimate interests and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

C. APPOINTMENT OF DIRECTORS:

At any point of time, the Board Composition of the Company shall be in accordance with the Charter of the Board of Directors formulated as per the provisions of the Companies Act, 2013 and rules made there under and Listing Agreement executed with the BSE Ltd.

The person appointed/ to be appointed as a Director shall perform his duties in accordance with that stated in the Charter of the Board of Directors and shall act within the framework of that Charter, the Act and other applicable laws.

In accordance with the current requirements of the Companies Act, 2013 & Rules made there under and other applicable provisions, at any point of time, the Company shall have atleast one woman director and at least one Director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year.

1. Criteria for Appointment of Directors:

A Director should possess few Basic Qualities stated as follows:

- i) Emotional Balance
- ii) Business Judgement
- iii) Business Awareness
- iv) Representational Qualities

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v) Problem Solving and Innovation

A person to be appointed as a Director shall not possess any Disqualifications as stipulated in Section 164 of the Companies Act, 2013, which states that:

- (1) A person shall not be eligible for appointment as a director of a company, if
 - (a) he is of unsound mind and stands so declared by a competent court;
 - (b) he is an undischarged insolvent;
 - (c) he has applied to be adjudicated as an insolvent and his application is pending;
 - (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:
Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
 - (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
 - (f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
 - (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - (h) he has not complied with sub-section (3) of section 152.
- (2) No person who is or has been a director of a company which—
 - (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
 - (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more,
shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

2. Manner of Appointment/ Re-appointment/ Resignation/ Removal of Directors:

The Committee shall appoint/ re-appoint the Director on the Board in accordance with the provisions of Sections 152 to 169 and other applicable provisions of the Companies Act, 2013 and the Rules made there under.

The Board, through the Nomination and Remuneration Committee, shall appoint any additional, alternate director or a director in casual vacancy in accordance with Section 161 of the Companies Act, 2013.

Further, a person can resign as a Director or be removed by the Board or the Shareholders in accordance with the provisions of Sections 168 & 169 of the Companies Act, 2013.

Section 167 of the aforesaid Act stipulates the circumstances wherein the office of a director becomes vacant.

The Director resigning from the Company and the Company shall inform the Registrar of Companies along with detailed reasons for resignation.

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D. APPOINTMENT OF EXECUTIVE (MANAGING/ WHOLE-TIME) DIRECTORS

1. Criteria for Appointment of Executive Directors:

Section 2(54) of the Companies Act, 2013 lays down the definition of the Managing Director as follows:

“**managing director**” means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

Whole-time Director includes a director in the whole-time employment of the company (Section 2(94) of the Companies Act, 2013)

Further, Managing Director works with other top-tier executives to oversee the operations of companies and organizations across a variety of industries, such as banking, healthcare, marketing, advertising, information technology, and government. A Managing Director, assisted by top management, has to develop strategic marketing and sales plans to boost profits and efficiency. He also has to coordinate the efforts of various departments, such as legal, finance, marketing, and sales, to meet company goals. Executive Directors oversee other managers or department heads, and they often report to the Boards of Directors.

In addition to the qualities of a Director stated above, the person appointed or to be appointed as the Managing Director/ Executive Director shall have experience in a senior leadership role for an organisation. A tertiary qualification in business administration, commerce or law, or a qualification relevant to the organisation's area of business is also useful.

❖ **Personal requirements**

Managing Director/ Executive Directors need to be:

- able to multitask and delegate
- skilled at planning and organising
- skilled at problem-solving and decision-making
- good at communicating
- able to analyze information
- positive and adaptable
- able to work well under pressure
- have a sense of responsibility and accountability of his powers and duties to the Board and stakeholders
- results oriented and creative in addition to having strong business-development skills and the ability to interact with clients, staff and senior management.
- effective communicators with excellent leadership skills, management experience and the ability to motivate employees.

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❖ Useful experience

Useful experience for Managing Director/ Executive Directors includes:

- using leadership skills in challenging situations
- possessing thorough knowledge and experience of field of operations of the company.

2. **Manner of Appointment of the Executive Directors:**

Section 196 of the Companies Act, 2013 along with Part I of the Schedule V thereto govern the provisions relating to the appointment of the Executive Directors. In line with the provisions of sections 196 to 200 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the Central Government in case such appointment is at variance to the conditions specified in that Schedule.

E. APPOINTMENT OF INDEPENDENT DIRECTORS

1. **Criteria for Appointment of Independent Directors:**

Section 149(6) of the Companies Act, 2013 and rules made there under lay down additional criteria, besides that laid down for Directors, for appointment of any person as an Independent Director:

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 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 has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (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;
 - (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

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- 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.

An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Schedule IV to the Companies Act, 2013-Code for Independent Directors provides that-

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.

2. Manner of Appointment/ Re-appointment/ Resignation/ Removal of the Independent Directors:

Sub-sections (10) to (13) of Section 149 of the Companies Act, 2013, Schedule IV thereto applicable Rules framed there under govern the manner of appointment of the Independent Directors.

In accordance with the aforesaid provisions, an Independent Director shall not hold office for more than two consecutive terms of a period of 5 consecutive years. However, such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director; provided he has not, during the said period of three years, been appointed in or been associated with the company in any other capacity, either directly or indirectly.

Extract of Schedule IV to the Companies Act, 2013:

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company

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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 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 Letter of appointment along with detailed profile of the independent directors shall also be disclosed on the company's website and the Stock Exchange not later than one working day from date of appointment.

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.

In general, the Managing Director/ Executive Directors and Independent Directors are appointed vide agreement designed within the aforesaid framework between the individual and the Company. Further, such Directors cannot be appointed for more than 5 consecutive years at a time.

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F. DISCLOSURES

The Company shall provide following information to shareholders:

1. Appointment of a new director or re-appointment of a director:

- a. A brief resume of the director;
- b. Nature of his expertise in specific functional areas;
- c. Names of companies in which the person also holds the directorship and the membership of Committees of the Board; and

Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director

2. Disclosure of resignation of directors

- a. The company shall disclose the letter of resignation along with the detailed reasons of resignation provided by the director of the company on its website not later than one working day from the date of receipt of the letter of resignation.
- b. The company shall also forward a copy of the letter of resignation along with the detailed reasons of resignation to the stock exchanges not later than one working day from the date of receipt of resignation for dissemination through its website.

G. AMENDMENT

The Nomination & Remuneration Committee reserves its right to amend or modify this Policy in whole or in part, subject to approval by the Board, at any time consequent upon any amendment to applicable laws of land.

For & on behalf of the Board of
Swiss Glascoat Equipments Limited

Sd/-
Mr. Kanubhai Patel
Chairperson

For & on behalf of the Board of
Swiss Glascoat Equipments Limited

Sd/-
Mr. Jagrut Bhatt
**Chairperson -
Nomination & Remuneration Committee**

Date:24.07.2027