

ANNEXURE – 1

POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS

1. Introduction

In terms of Section 178 of the Companies Act, 2013 (“Act”), rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Committee has formulated this policy on appointment and removal of Directors. 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

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 and who may be appointed as the Senior Management of the Company.

3. Appointment of Directors

- i. This Policy enumerates guidelines which may be used by NRC in selecting/appointing/re-appointing and removal of a Director.
- ii. Assess skill-sets the Board needs given the strategies, challenges faced by the Company.
- iii. In selecting individuals for appointment/re-appointment/ removal of directors, the NRC may refer to the following guidelines/policies:
 - Board Membership Criteria (**Refer Schedule A**)
 - Board Diversity Policy (**Refer Schedule B**)
 - Criteria for determining independence of Directors (in case of appointment of Independent Directors (**Refer Schedule C**))
- iv. NRC may also request candidature from the database maintained by the Company or list of potential candidates shared by the external consultants or any other source as deemed appropriate by the Committee.
- v. NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.
- vi. NRC to recommend the appointment of short listed candidate to the Board for its consideration.
- vii. Emergency Succession: If position of a Director suddenly becomes 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

NRC is responsible for recommending this Policy to the Board. The Board is responsible for approving and overseeing implementation of this Policy (with the support of NRC).

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 management 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 NRC 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 a large publicly traded metals and mining 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 SPS Steels.

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**") and SEBI (LODR) Regulations 2015.

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. 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 gender diversity 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, 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 Shakambhari Group Human Resources.

4. Monitoring and reporting

The Committee will report annually, in the Corporate Governance section of 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 Nomination and Remuneration Committee/ 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. 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) or fifty lakh rupees, whichever is lower,

(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 non- profit organisation that receives twenty-five

“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 stepfather), Mother (includes step-mother), Son (includes step-son), Son’s wife, Daughter, Daughter’s husband, Brother (includes step- brother), Sister (includes step-sister).

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 SPS Steels in any other category, either directly or indirectly.