

# **S. P. APPARELS LIMITED**

**Policy On Board Diversity**

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## **1. Purpose:**

Regulation 19 (4) and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") provides for the roles of the Nomination and Remuneration Committee [NRC], inter alia, to devise a policy on Board Diversity. NRC at its meeting held on 6<sup>th</sup> August, 2016 devised this Policy on Board Diversity and the Board of Directors at its meeting held on 6<sup>th</sup> August, 2016 approved it.

## **2. Vision:**

The Company recognizes the importance and benefits of having the diverse Board to enhance quality of its performance.

## **3. Policy Statement:**

The Company believes that a diverse Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced growth of the Company. At the time of appointments of person as a Board Member, NRC and the Board of Directors shall consider this Policy on Board Diversity. The strength the Directors on the Board shall be in compliance with the provisions of the Articles of Association of the Company, Companies Act, 2013 and other applicable provisions, if any. The Board of directors of the Company shall have an optimum combination of Executive and Non-Executive Directors with at least one Woman Director. The Board of the Company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than 50% of the Board comprising non-executive directors. When the chairperson of the Board is a non-executive director, at least one-third of the Board shall comprise of independent directors and when the Company does not have a regular non-executive chairperson, or when the regular non-executive chairperson is a promoter or related to any promoter or person occupying management position at the Board level or at one level below the Board, at least half of the Board shall comprise of independent directors. The composition of the Board shall be in compliance with the requirements of the Articles of Association of the Company, the Companies Act, 2013, Rules made thereunder and Listing Regulations as amended from time to time.

The Companies Act, 2013, as amended and the rules made thereunder also requires the Board and the NRC to formulate the criteria for determining qualifications, positive attributes and independence of directors.

## **4. Stakeholder Diversity**

[The Company may also have directors on its Board representing the interest of any financial institution, strategic investor or any other person in accordance with the provisions of its Articles of Association and/ or any agreement between the Company and nominating agency.]

Subject to the provisions of Section 151 of the Companies Act, 2013 the Company may, upon notice of not less than 1,000 shareholders or one-tenth of the total number of such shareholders, whichever is lower, have a small shareholders' director elected by the small shareholders.

**4. Review of Policy:**

The NRC will review the policy from time to time and make recommendations on any requisite change to Board for consideration and approval.

**5. Disclosure of the Policy:**

This policy will be posted on the Company's website. The necessary disclosure about the policy will also be made as per requirements of the Listing Agreement and the Companies Act 2013. This Policy shall also be posted on the website of the Company at <http://www.s-p-apparels.com>

The terms of this policy are subject to the provisions of the Companies Act and the Listing Regulations and in the event of any inconsistency the provisions of the Companies Act and the Listing Regulations shall prevail.