

## **TERMS AND CONDITIONS FOR THE APPOINTMENT FOR INDEPENDENT DIRECTORS :**

### **1. Appointment**

1.1 The appointment of non- Executive Independent Directors on the Board of Directors of McNally Bharat Engineering Company Limited will be subject to the recommendation of Nomination & Remuneration Committee of the Company, the approval of the Board of Directors and election and appointment by the Shareholders as per the provisions of the Companies Act, 2013.

Their appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the Listing Agreement.

1.2 The term Independent Director should be construed as defined under the Companies Act, 2013 and the Listing agreement.

1.3 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

### **2. Role and Duties**

The role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

I. They shall act in accordance with the Company's Articles of Association.

II. They 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, employees, shareholders, community & for the protection of the environment.

III. They shall discharge their duties with due and reasonable care, skill and diligence & shall exercise independent judgment.

IV. They should not involve in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

V. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.

VI. They shall not assign their office as Director and any assignments so made shall be void.

### **3. Status of Appointment**

3.1 The Independent Director will not be an employee of the Company and this letter shall not constitute a contract of employment. The Independent Director will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board and approved by such other persons/Authorities as may be required from time to time.

### **4. Board Committees**

As advised by the Board, during the tenure of office, the Independent Director may be required to serve on one or more of the Committees of the Board established by the Company. Upon any such appointment to any one or more Committees, they will be provided with the appropriate Committee charter which sets out the functions of that Committee.

### **5. REMUNERATION**

An Independent Director will be entitled to remuneration in accordance with the criteria, as approved by the Board of Directors on the recommendation by the Nomination and Remuneration Committee, within the overall limits approved by the Shareholders and the applicable legal provisions. He/she will also be entitled to fee for attending Meetings of the Board or Committee thereof either personally or through video conference. The remuneration and fee payable shall be subject to applicable tax deduction at source.

In addition to the above, he/she will be entitled to reimbursement of the expenses for participation in the Board and other Meetings.

### **6. Conflict of Interest**

It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company. As a condition to their appointment commencing, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of their appointment and first board meeting of every financial year or whenever there is any change in such disclosures already made.

### **7. PROHIBITION ON INSIDER TRADING**

The Independent Directors will follow the McNally Bharat Engineering Company Limited's Policy on Insider Trading and the requirements under the Act and SEBI regulations, which inter alia requires that price-sensitive information is not used or transmitted and maintained securely. The Independent Directors should not make any statement that might risk a breach of these requirements without prior clearance from the Chairman or Compliance Officer.

## **7. Confidentiality**

All information acquired during the tenure of appointment is confidential to McNally Bharat Engineering Company Limited and should not be released, either during the appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, the Independent Director shall surrender any documents and other materials made available to them by the Company.

## **8. Evaluation**

The Company shall have a Board Evaluation process for the evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. The Board shall carry out the evaluation process for the performance of the Board as a whole, Board Committees and Directors on an annual basis. The appointment and re appointment on the Board for Independent Directors shall be subject to the outcome of the yearly evaluation process.

## **9. Insurance**

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such cover for the full term of the appointment of Independent Directors.

## **10. Code of Conduct**

The Independent Director shall perform their role and duties for the Company in accordance with the Code of Conduct prescribed under Schedule IV of the Companies Act, 2013 and other applicable provisions and sections of Companies Act, 2013 and Listing Agreement. They shall also adhere to and confirm annually to the Code of Conduct for Directors and Senior Management of the Company.

## **11. Termination**

- a. An Independent Director may resign from his position at any time and should they wish to do so, they are requested to serve a reasonable written notice on the Board.
- b. Continuation of their appointment is contingent on their getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.
- c. Their appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

**12. Liability**

Being an independent director they shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with their knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently with respect of the provisions contained in the Listing Agreement.

**13. Governing Law**

This agreement is governed by and will be interpreted in accordance with Indian law and the engagement shall be subject to the jurisdiction of the Indian courts.

**Note:**

The provisions of the Companies Act, 2013 and rules thereto and Listing Agreement (including any amendment thereto from time to time) to the extent applicable, shall be apply on the appointment of Independent Directors.