

THERMAX LIMITED

TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The Terms & Conditions of appointment of the Independent Directors of the Company, in accordance with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

At the ____ Annual General Meeting held on _____, the shareholders have appointed you as an Independent Director on the Board of the Company on the following terms & conditions:

1. THE TERM OF APPOINTMENT:

- 1.1 Term of appointment as an Independent Director shall be for a period of 5 years, i.e. from _____ to _____, in accordance with the approval of shareholders.
- 1.2 The Independent Director is not liable to retire by rotation.
- 1.3 The date of retirement of an Independent Director is 75 years. The term of appointment is subject to the retirement age. In other words, the term of the Director shall be as per the terms of appointment or attaining the age of 75 years, whichever is earlier.
- 1.4 The appointment constitutes neither a contract for services nor a service contract. There will be no relationship of employer and employee as a consequence of appointment as a director of the Company.

2. BOARD EXPECTATION:

- 2.1 An Independent Director is expected to provide valuable time & contributions at the Board/ Committee Meetings to arrive at independent judgment in shaping key decisions, strategies, performance and risk evaluations, affecting the Company.

3. MEMBERSHIP OF COMMITTEES:

- 3.1 An Independent Director may be required to serve on the Committee(s) of the Board, as may be decided by the Board, from time to time and shall be guided by the terms of reference of such Committee(s).

4. DUTIES AND LIABILITIES:

- 4.1 Duties of an Independent Director shall be in accordance with the Articles of Association of the Company, provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.
- 4.2 The Independent Directors will be held liable only in respect of such acts of omission or commission by the Company which have occurred with their knowledge, attributable through Board processes, and with their consent or where they have not acted diligently.

5. CODE OF CONDUCT:

- 5.1 The Company has a Code of Conduct for Directors and Senior Management.
- 5.2 Every Director is required to furnish an annual declaration of having abided by this Code of Conduct.

6. BUSINESS INTERESTS, OTHER DIRECTORSHIPS AND DISCLOSURES:

- 6.1 During the term of Appointment, Independent Directors are expected not to take up directorship in any company (whether in India or abroad) engaged in the same or similar businesses as that of the Company or in a company, business or undertaking which competes or is likely to compete with the Company or which could otherwise potentially give rise to a conflict with their duties with the Company. In the event that the Independent Director becomes aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairperson and the Company Secretary.
- 6.2 The Independent Directors need to certify their independent status at the time of appointment and annually thereafter. During their term, the Independent Directors agree to provide a Declaration as per the Companies Act, 2013, upon any change in circumstances which may affect their status as an Independent Director.
- 6.3 The Independent Directors shall abide by the provisions of SEBI (Prohibition of Insider Trading) Regulations and the Company's Code on Prevention of Insider Trading, prohibiting disclosure or use of unpublished price sensitive information, which are also applicable to all Directors of the Company.
- 6.4 During the term of Appointment, an Independent Director shall not serve as -
 - (a) an independent director in more than 7 listed companies. However, in case they are serving as a Whole-time Director in any of the listed company, then they can become an Independent Director of not more than 3 listed companies.
 - (b) a committee member of more than 10 committees (i.e. the Audit Committee and the Stakeholders' Relationship Committee) or act as a Chairperson of more than 5 such Committees.
- 6.5 During the term, the Independent Directors agree to promptly notify the Company of any change in their directorships and provide such disclosures and information as may be required under the applicable laws.
- 6.6 During the term, Independent Director shall promptly intimate the Company Secretary and the Statutory Authorities concerned, in the prescribed manner, of any change in address or other contact or personal details provided to the Company.

7. REMUNERATION:

- 7.1 In terms of the Remuneration Policy of the Company, as approved by the Board from time to time, the Non-Executive Directors shall be paid annual remuneration in form of profit based commission. The said remuneration shall be within the overall limits approved by the shareholders of the Company.

7.2 In addition to the above, an Independent Director shall also be paid sitting fees as may be decided by the Board, from time to time, for attending the Meetings of the Board and Committee(s), as may be applicable.

The Company will also pay/reimburse all travel, accommodation and other expenses incurred towards carrying out duties as a Member of the Board/Committee(s).

8. PERFORMANCE APPRAISAL / EVALUATION PROCESS:

8.1 The performance evaluation of individual directors shall be done by the entire Board, excluding the director being evaluated, on an annual basis.

8.2 The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/ Committee(s).

9. FAMILIARIZATION PROGRAMME

9.1 The Company shall provide all information and updates to Independent Director as per its Familiarization Programme. The Company may, if required, conduct formal Familiarization Programmes for its Independent Directors.

9.2 The Company, if required, may support Directors to update their skills and knowledge and improve their familiarity with the Company and its business.

10. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY:

10.1 The Company has a Directors and Officers (D&O) Liability Insurance Policy, which will also be applicable to an Independent Director from the date of his appointment.

10.2 The D&O Policy covers costs related to legal defense on a worldwide basis.

11. DISENGAGEMENT:

11.1 The Director may resign from the directorship of the Company by giving a Notice in writing to the Company, stating the reason for resignation. The resignation shall take effect from the date on which Notice is received by the Company or the date, if any, specified by them in the Notice, whichever is later.

11.2 The directorship on the Board of the Company shall cease in accordance with the law. The Company may disengage Independent Directors prior to completion of their term (subject to compliance of relevant provisions of the Companies Act, 2013), upon:

- a) violation of any provisions of the Company's Code of Conduct.
- b) failing to meet the criteria for independence, as envisaged in the Companies Act, 2013 or Clause 49 of the Listing Agreement.

11.3 Upon termination or upon resignation for any reason, no remuneration will be payable in respect of unexpired portion of the term of appointment.

12. CONFIDENTIALITY:

12.1 The Independent Directors agree that both during and after the term of Appointment, they will not use for their own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary or any group or associate companies of the Company, which they may acquire by virtue of his position as an independent director, including without limitation, any information about the deliberations of the Board. The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term), become available to the public generally.

For Thermax Limited,

**Meher Pudumjee
Chairperson**