

# **THERMAX LIMITED**

## **TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

**Terms & Conditions of appointment of Independent Director of the Company, in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Board of Directors at its meeting held on \_\_\_\_\_ has approved your appointment as Additional and Non-Executive Independent Director of the Company as per the following terms and conditions:

**THE TERM OF APPOINTMENT:**

- The term of appointment as an Independent Director shall be for a period of \_\_\_\_ years, i.e. from \_\_\_\_\_ till \_\_\_\_\_ (both days inclusive), subject to approval of shareholders.
- The Independent Director is not liable to retire by rotation and will be subject to the provisions of the applicable laws and the Articles of Association of the Company.
- The appointment neither constitutes 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.

**BOARD EXPECTATION:**

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.

**MEMBERSHIP OF COMMITTEES:**

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) subject to the provisions of the applicable laws.

**DUTIES AND LIABILITIES:**

Duties of an Independent Director shall be in accordance with the Articles of Association of the Company, provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Independent Director will be held liable only in respect of such acts of omission or commission by the Company which have occurred with his / her knowledge, attributable through Board processes, and with consent or where he / she has not s diligently.

**CODE OF CONDUCT:**

- The Company has a Code of Conduct, a copy of which has been shared with you.
- Director is required to furnish an annual declaration of having abided by this Code of Conduct.

**BUSINESS INTERESTS, OTHER DIRECTORSHIPS AND DISCLOSURES:**

- 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 his/her 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.
- Every Independent Director needs to certify his / her 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, promptly upon any change in circumstances which may affect their status as an Independent Director.
- The Independent Directors shall abide by the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 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.
- During the term of Appointment, an Independent Director shall not serve as –
  1. an independent director in more than 7 listed companies. However, in case he / she is serving as a Whole-time Director/Managing Director in any of the listed company, then he / she can become an Independent Director of not more than 3 listed companies.
  2. a committee member of more than 10 committees (i.e. the Audit Committee and the Stakeholders' Relationship Committee) or act as a Chairman of more than 5 such Committees of public limited companies.
- 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.

- 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.

#### **PERFORMANCE APPRAISAL/ EVALUATION PROCESS:**

- The performance evaluation of individual directors shall be done on an annual basis.
- 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).

#### **REMUNERATION:**

- The Independent Director shall be entitled to the following remuneration:
  - a) sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time
  - b) annual remuneration that may be determined by the Board from time to time, payable upon approval of financial statements by the Shareholders based on the performance of the Company.
- The remuneration payable to Non-Executive Directors is subject to the approval of the shareholders of the Company and the limits prescribed under the provisions of the Act.
- 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).

#### **FAMILIARIZATION PROGRAMME**

- The Company shall provide all information and updates to Independent Director as per its Familiarization Programme. The Company may, if required, conduct a formal Familiarization Programme for its Independent Directors.
- The Company, if required, may support Directors to update their skills and knowledge and improve their familiarity with the Company and its business.

#### **DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY:**

- 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 / her appointment.
- The D&O Policy covers costs related to legal defense on a worldwide basis.

### **DISENGAGEMENT:**

- 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 the notice is received by the Company or the date, if any, specified by them in the notice, whichever is later.
- 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 the SEBI (LODR) Regulations, 2015 as amended from time to time.
- Upon termination or upon resignation for any reason, no remuneration will be payable in respect of unexpired portion of the term of appointment.

### **CONFIDENTIALITY:**

The Independent Director agrees that both during and after the term of Appointment, he/she will not use for his/her 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 he/she may acquire by virtue of his/her 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.

### **GOVERNING LAW**

The terms and conditions of appointment shall be governed in accordance with the laws of India and shall be subject to the jurisdiction of the Indian courts.

For **Thermax Limited**,

**Chairperson**