

# NAVAYUGA ENGINEERING COMPANY LIMITED

## Terms & Conditions of appointment of Independent Director

The terms of appointment of Independent Directors (IDs) as set out below, are subject to the extent provisions of the:

- i. applicable laws, including the Companies Act, 2013 and the rules and regulations made thereunder;
  - ii. Articles of Association of the Company as amended from time to time.
1. Appointment and terms of appointment thereof as a non-executive Independent Director on the Board of Directors (Board) of the Company will be for an initial term up to 5 years, unless terminated earlier or extended, as per the provisions of this letter or applicable laws.

The word “term” should be construed as defined under the Companies Act, 2013 (Act).

Independent Director is not liable to retire by rotation.

The Company has adopted the provisions with respect to appointment and term of Independent Directors, which is in consistence with the Act.

### 2. Board Committee

The Board may, if it deems fit, invite the Independent Directors for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. The appointment on such Committee(s) will be subject to the applicable regulations.

The Independent Directors are expected to attend Board, Committees, to which they may be appointed and Shareholders’ meetings, and to devote such time to their duties as deemed appropriate for discharge of their duties effectively.

The Independent Directors shall confirm to allocate sufficient time to meet the expectations from their role to the satisfaction of the Board.

### 3. Role, Duties and Responsibilities

Their role and duties will be those normally required of a Non-Executive Independent Director under the Act. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act.

4. In addition to the above requirements, IDs are also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Act, as in force and as may be amended from time to time. While performing such duties,

roles and functions, you will be required to abide by the 'Guidelines of Professional Conduct' as stated under the said Schedule.

## **5. Additional Applicable Statutory Requirements**

As a Non-Executive Director on the Board, the Independent Directors will be subject to all relevant provisions of the Act.

## **6. Code of Conduct / Excluded Actions**

The Independent Directors will follow the Code of Conduct of the Company and furnish annual affirmation of the same.

the Independent Directors shall apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company including any subsidiary or associate thereof with which they come into contact by virtue of their position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

## **7. Induction and Development**

The Company shall, if required, conduct formal induction program for its Independent Directors.

The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

## **8. Performance Appraisal / Evaluation Process**

As a member of the Board, the Independent Director's performance shall be evaluated annually.

Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

## **9. Disclosures, other Directorships and Business Interests**

During the Term, IDs shall agree to promptly notify the Company of any change in their Directorships and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Company and confirm that they have no such conflict of interest issues with the existing Directorships, if any. During their Term, they shall agree

to promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect their status as an Independent Director.

#### **10. Changes of Personal Details**

During the Term, they shall promptly intimate the Company and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

#### **11. Fees / Remuneration**

The Independent Directors will be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time, subject to the provisions of the Companies Act, 2013 and rules framed thereunder..

Further, the Company may pay or reimburse to such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company.

#### **12. Termination**

Their Directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, their Directorship may be terminated for violation of any provision of the Code of Conduct of the Company.

The Independent Directors may resign from the Directorship of the Company by giving a notice in writing to the Company stating the reasons 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 in the notice, whichever is later.

If, at any stage during the Term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act, they shall agree to promptly submit their resignation to the Company with effect from the date of such change.

#### **13. Co-operation**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on part of the Independent Directors during their term, they shall agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

#### **14. Governing Law**

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

## **15. Miscellaneous**

No waiver or modification of the terms shall be valid unless made in writing and signed by the Independent Directors and the Company.

Place: Hyderabad

Date: 16<sup>th</sup> August, 2014