

## **Terms of the Appointment of Independent Directors of Bharat Forge Limited**

### **Appointment**

1. The Appointment of Independent Directors is for a term of five (5) consecutive years, with effect from \_\_\_\_\_ and expiring at the end of the business day on \_\_\_\_\_.
2. Independent Directors will not be liable to retire by rotation.
3. During the tenure as an Independent Director, Independent Directors may be requested to serve on one or more of the Board committees, from time-to-time.
4. The Company is confident of Independent Director's commitment of devoting sufficient time and attention as necessary in order to perform their duties as an Independent Director. This will include attendance for regular and emergency Board meetings, any annual meeting of Independent Directors, and the Annual/ Extra-ordinary General Meetings. Independent Directors may also be requested to attend regular meetings of any Board committee of which they are a member.

### **Role & Duties**

5. As a Non-Executive Independent Director, Independent Directors will have the same responsibilities and liabilities to the Company as applicable to any other Non-executive Director.
6. The following duties as a director will apply to Independent Directors as a director, which are more specifically stipulated in Section 166 of the Act, a bare provision of the same is reproduced below for ease of reference -
  - (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the Articles of Association of the company.
  - (2) A director of a company 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
  - (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
  - (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
  - (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.

(6) A director of a company shall not assign his office and any assignment so made shall be void.

#### **Fees / Commission**

7. Further to Board's approval, Independent Directors will be paid a sitting fee of Rs.50,000/- per meeting of the Board attended by you. In addition, the commission will be payable by the Company at the rate as may be approved by the Board of Directors from time-to-time.
8. In case of appointment of Independent Director as a Member on any of the Committees of the Company, Independent Directors will be paid sitting fees per meeting attended by them as follows:
  - a. Meeting of Audit Committee: Rs. 50,000/- per meeting
  - b. Meeting of any other Committee: Rs. 25,000/- per meeting

#### **Reimbursement of Expenses**

9. In addition to the fee, the Company will reimburse Independent Directors for all reasonable documented expenses that Independent Directors may incur in performing their role and for attending the meetings of the Board/ committees thereof. Independent Directors may submit any details of expenses incurred for reimbursement.

#### **Other directorships & business interests**

10. Based on disclosures of directorships by Independent Directors etc., the Company acknowledges business interests that Independent Directors have or engaged into other than their association as an Independent Director with the Company. In the event Independent Directors may become aware of any potential conflicts of interest *qua* their directorship, the Company would expect Independent Directors to disclose to the Board of Directors of such conflict of interest situation as soon as possible.
11. During the Appointment, directorships of Independent Directors in other companies will be subject to the limits as prescribed under the Act and LODR Regulations, from time-to-time. Further, Independent Directors may inform the Company prior to accepting any other (or further) directorships of publicly quoted companies or any major external appointments, to avoid any conflict of interest with their current position in the Company.

#### **Code of Conduct & other compliances**

12. During the Appointment, Independent Directors will comply with the provisions of applicable laws including the Code for Independent Directors as stipulated under Schedule IV of the Act, Code of Conduct for Insider Trading and Code of Conduct for Directors and Senior Management of the Company and such other requirements as the Board of Directors may specify or otherwise applicable under applicable laws to directors from time-to-time.
13. Independent Directors are required to comply with the Company's Insider Trading Code of Conduct. This code *inter alia* prohibits the Directors from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades

(buy/sell) from the Compliance Officer of the Company, if the market value of Securities is expected to involve in the Trade or series of Trades over any calendar quarter, in aggregate, exceeds Rs. 10 Lakhs.

14. At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect the status of Independent Directors as an independent director, the Company expects Independent Directors to furnish a declaration to the effect confirming that they meet the criteria of independence as provided in Section 149 (6) of the Act and under Regulation 16(1)(b) of LODR Regulations.

### **Confidentiality**

15. Independent Directors will maintain highest standards of confidentiality and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination) any confidential information concerning the Company and any Group Companies with which they come into contact by virtue of their position as a Non-Executive Independent Director of the Company.
16. At times Independent Directors may be privy to unpublished price sensitive information concerning the Company or its subsidiaries. The Company advises Independent Directors not to disclose such information to any third party without prior permission of the Company. Further, Company expects Independent Directors to adhere to the provisions of SEBI Insider Trading Regulations along with the Company's Insider Trading Code of Conduct while they are in possession of any unpublished price sensitive information. Any enquiries that the Independent Directors may receive from any of the stakeholders, analysts and media may be directed to the Company for necessary action.
17. On expiry of the term of Appointment of Independent Directors, Company expects Independent Directors to return to the Company all books, document, papers and other property of or relating to the business of the Company which is in their possession, custody or power by virtue of their position as a Non-Executive Independent Director of the Company.

### **Separate meetings:**

18. It is expected that the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
19. All the independent directors of the Company shall strive to be present at such meeting. The meeting shall:
  - i. review the performance of non-independent directors and the Board as a whole;
  - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - iii. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **Performance Review Process**

20. The performance of individual Director will be evaluated by the Board/Remuneration & Nomination Committee from time-to-time in accordance with the provisions of the Act & LODR Provisions. Independent Directors re-appointment (if any) will be based on the report of performance evaluation by the Board/ Remuneration & Nomination Committee.

#### **Retirement/ Resignation/ Termination**

21. The age of retirement for all Non-Executive Directors is 75 years. The Board may, upon recommendation of the Nomination Committee, in exceptional and deserving cases, request such retiring Non-Executive Director to consider continuation on the Board on the terms as may be recommended by it and approved by the shareholders.

22. Independent Directors may resign from their position at any time and should Independent Directors wish to do so, Independent Directors are requested to serve a reasonable written notice to the Board.

23. Continuation of Independent Directors appointment is contingent on Independent Directors getting re-elected by the shareholders in accordance with provisions of the Act, LODR Regulations and the Articles of Association of the Company, from time to time in force. Independent Directors will not be entitled to any compensation if the shareholders do not re-elect them at any time.

24. Independent Directors appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company.

#### **Insurance**

25. The Company has in place directors' & officers' liability insurance and the coverage of such policy will be extended to Independent Directors during full term of the Appointment.

#### **Publication of letter of appointment**

26. In line with the disclosure norms under the Act, this letter will be open for inspection at the registered office of the Company by any member during normal business hours of the Company. In addition, the Company may make public a copy of the same on its website.