



# **RATHI STEEL AND POWER LTD.**

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



**Terms and conditions of appointment of Independent Directors of the Company in accordance with the requirements of Schedule IV to the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

**(a) Term of appointment:**

Ms. Sonika Sharma has been appointed as an Independent Director of the Company for first term of 5 (five) consecutive years by the members at their Annual General Meeting held on September 29, 2023, not liable to retire by rotation. The Appointment is for a term commencing from July 10, 2023 up to July 9, 2028.

Ms. Surbhi Pareek has been appointed as an Independent Director of the Company for first term of 5 (five) consecutive years by the members at their Annual General Meeting held on September 29, 2023, not liable to retire by rotation. The Appointment is for a term commencing from July 10, 2023 up to July 9, 2028.

Mr. Arpan Attrey has been appointed as Additional Non Executive Director in capacity of Independent Director by the Board of Directors in their meeting held on March 29, 2024 to hold as such till the ensuing General meeting. Further subject to the approval of the shareholders of the Company he will be appointed for the first term of consecutive 5 (five) years commencing from March 29, 2024 to March 28, 2029. He is not liable to retire by rotation.

The appointment of Independent Directors shall be formalised through a letter of appointment.

The appointment on the terms mentioned in this letter shall in addition be subject to stipulations (if any) which may be prescribed under any applicable statute or regulation. The terms stated herein may be varied by the Board or any relevant Committee of the Board and the Independent Directors to continue to act as such on such changed terms, so long the said changed terms are brought to their notice.

**(b) Other terms and conditions:**

**1. Committees:**

1.1. During the Appointment, the Independent Director may be required to serve on one or more committees of the Board, i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee or such other committees, as the Board may decide.

1.2. The Independent Director is an independent non-executive director and will be identified as such in the annual report and other documentation of the Company. If circumstances change, and he/she believes that his/her independence will be in doubt, Independent Director should discuss the same with the Chairman of the Company as soon as practicable.

**2. Meeting of Independent Directors:**

2.1. The independent Directors of the Company shall hold at least one meeting in a financial year without the attendance of non-independent Directors and members of management;

2.2. All the independent Directors of the company shall strive to be present at such meeting;

2.3. The meeting shall:

(a) review the performance of non-independent Directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;



(c) 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.

**3. Duties and Liabilities:**

- 3.1. The Independent Director will perform his/her fiduciary duties in a responsible manner and his/her general legal responsibilities to the Company will be at par with a non- executive director.
- 3.2. The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his/her duties, comply with the requirements of Section 166 and Schedule IV to the Companies Act, 2013 (“the Act”).
- 3.3. 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 his/her consent or connivance or where Independent Director have not acted diligently.

Detailed role, duties and responsibilities of the Independent Director, along with a welcome kit, inter alia, comprising the following, will be provided along with the appointment letter, to conduct an introductory familiarization program:

- (a) MOA & AOA;
- (b) Annual reports of the company of previous three years;
- (c) Code of Conduct of Directors/ Employees of the Company;
- (d) Organisational structure and Company’s history and milestones achieved since incorporation;
- (e) Vision, mission, objectives & value statements of the Company;
- (f) Collaboration agreements, loan agreements etc., if any;
- (g) Risk management policy of the company and other policies adopted by the Company as per applicable laws;
- (h) Presentation on business model of the Company;
- (i) Composition of various board committees along with their terms of reference etc. including guidance on the regulatory framework.

**4. Code for Independent Directors:**

- 4.1. The Company has relied on the declaration of the Independent Director that he / she meets the criteria of independence as provided in Section 149(6) of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).
- 4.2. The Independent Director will be required to abide by the guidelines as to professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act.
- 4.3. The Independent Director will be required to comply with the applicable provisions of any code of conduct framed by the Board for all Board members and Senior Management of the Company under the Listing Regulations and shall provide an annual affirmation of compliance on the same.

**5. Restrictions:**

- 5.1. Save and except Directorships currently held by the Independent Director, during the term of Appointment, the 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 as an independent director. In the event that the Independent Director becomes aware of any potential conflicts of interest, or in case of doubt, he / she should consult the Chairman of the Company as soon as practicable.

- 5.2. During the term of Appointment, an Independent Director shall not serve as (i) a director in more than the prescribed number of companies and (ii) a committee member of more than the prescribed number of committees including chairmanship of such committees.
- 5.3. During the term of Appointment, an Independent Director should not act as an alternate director for an independent director of a listed company.
- 5.4. During the term of Appointment, Independent Director should not indulge in forward dealings in securities of the Company which is prohibited under the Act. Directors are prohibited from dealing in the Company's securities when the trading window is closed. They are expected to comply with the Company's code for regulating, monitoring and dealings in securities of the Company by Designated Persons and their immediate relatives, as well as with the concerned provisions of the Insider Trading Laws and Regulations.
- 5.5. During the term of Appointment, (i) Independent Director will not enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company; and (ii) Independent Director will not enter into any such agreement referred to in (i) above without obtaining the prior approval from the Board of Directors as well as public shareholders of the Company.

**6. Time Commitment:**

- 6.1. The Company expects a commitment of sufficient time and attention as necessary in order to perform to perform his/her duties, roles and responsibilities as a director and attend regular and emergency meetings of the Board, any committee thereof and general meetings . In addition to such attendances, Director will be expected to devote appropriate preparation time ahead of each meeting. In case a Director wish to avail leave of absence from the meeting for any reason whatsoever, they may take prior leave of absence from the Company Secretary or the Chairperson of Board and/or Committee for the said meeting/s.
- 6.2. By accepting the appointment, the Independent Director confirms that he / she will be able to allocate sufficient time to perform your role.

**7. Training and Development:**

- 7.1. The Independent Director will be invited to attend ongoing training and familiarization sessions, including site visits, as and when conducted for Directors.
- 7.2. The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.
- 7.3. Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.
- 7.4. Monthly / Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to Directors.



**8. Evaluation Process:**

- 8.1. The performance of individual directors shall be evaluated by the entire Board, excluding the director being evaluated, on an annual basis.
- 8.2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director. The re-appointment of independent director shall be on the basis of report of performance evaluation.
- 8.3. The criteria for evaluation shall be disclosed in the Company's Annual Report.
- 8.4. The actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

**9. Remuneration:**

- 9.1. In consideration of the Independent Directors' services, the Company will pay fees as under: (i) The sitting fees for attending each meeting of the Board and its Committees or any other meeting of Directors as determined by the Board from time to time. The sitting fees shall be subject to deduction of all applicable taxes, if any.
- 9.2. Independent Directors will not be entitled to any stock options neither they can participate in any stock option schemes of the Company unless permitted under any regulatory norms and subject to such permissions and authorizations as may be required in this behalf.
- 9.3. In addition to the sitting fees, commission that may be determined by the Board may also be payable to them. In determining the amount of this commission, the Board supported by the Nomination and Remuneration Committee may consider performance of the Company and their performance as evaluated by the Board.
- 9.4. In addition to the remuneration stated in the preceding paragraph, the Company will reimburse Independent Director, or bear and pay, all travel, accommodation or other expenses incurred as a result of him/her carrying out his/her duties as a director, subject to the expense being reasonable. The Independent Director may, at the Company's expense, seek independent legal or other professional advice where necessary, to perform his/her duties and will be entitled to reimbursement of costs incurred in seeking such advice. In these circumstances, Independent Director should discuss the issues concerned with the Chairman of the Company in advance.

**10. Confidentiality:**

- 10.1. The Independent Director agrees that both during and after the term of Appointment, Independent Directors he/she will hold in strict confidence and 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, 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.
- 10.2. On the conclusion of the tenure, they will return any property and assets of the Company in their possession including information and data. they will also not retain any copy of the information and data unless approved in writing by the Chairman/ Company Secretary of the Company.



**11. Insurance:**

11.1. The Company has Directors and Officers (“D&O”) liability insurance and it is intended to maintain such cover for the full term of Appointment, subject to the terms of such policy in force from time to time. The Independent Director may obtain details of such insurance from the Company Secretary of the Company.

**12. Indemnity:**

12.1. The directors are granted an indemnity by the Company in respect of liabilities incurred as a result of their office, to the extent permitted by law.

**13. Disengagement:**

13.1. They 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 by them in the notice, whichever is later.

13.2. Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the Act) upon:

- (a) Violation of any provision of the Company’s Code of Conduct; or
- (b) Upon the Director failing to meet the criteria for independence as envisaged in Section 149(6) of the Act or the Listing Regulations; or
- (c) In accordance with the provisions of the Articles of Association of the Company for the time being in force.

**14. Limitation:**

14.1. In case of any inconsistency between the statutory provisions and as provided herein, the statutory provisions will prevail over the contents of this and the terms mentioned herein shall stand amended automatically to that extent.

**15. Governing Law:**

15.1. The Appointment and the terms hereunder are governed by the laws of India, and subject to jurisdiction of Courts in Delhi.

**16. Relationship:**

16.1. This appointment letter constitutes neither a contract for services nor a service contract.

16.2. There will be no relationship of employer and employee as a consequence of the appointment as an independent director of the Company.

**17. Authority:**

17.1. This letter of Appointment is issued under the authority of the Board.



**18. Publication of Letter:**

18.1. In line with the provisions of Schedule IV to the Act and Listing Regulations, the letter of appointment will be open for inspection by any member at the Registered Office of the Company during normal business hours and the Company will also post the terms and conditions of the appointment on the Company's website [www.rathisteelandpower.com](http://www.rathisteelandpower.com)