



TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

M P STEEL (INDIA) LIMITED

CIN: U28999GJ1998PLC033954

Registered Office: Survey No. 900, Nr. Ashram chokdi, village-Ranasan, Mahesana, Vijapur, Gujarat, India, 382870

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.

1. Terms of Appointment

The term of appointment of an Independent Director of the M P Steel (India) Limited (“**Company**”) is up to a period of 5 (five) consecutive years from the date of his/ her appointment. An Independent Director is not liable to retire by rotation. The appointment of every Independent Director shall be approved by members of the Company vide special resolution.

According to the companies act, 2013 No Independent Director shall hold office for more than 2 (two) consecutive terms. The reappointment of Independent Directors at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board of Directors (“**Board**”) and the shareholders vide special resolution. The reappointment would be considered based on the outcome of the performance evaluation process and independence criteria.(also mention about cooling period of 3 years)

2. Other Terms and Conditions

a. Committees:

- i. During the appointment, the Independent Director will be required to serve on one or more of the committees of the Board, i.e., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders’ Relationship Committee or such other Committees, as the Board may decide.
- ii. 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, the Independent Director should discuss the same with the Chairperson of the Company as soon as practicable and further course of action should be taken by the Company as per applicable law, in timely manner.

Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;

(8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;

(9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent Directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

(2) bring an objective view in the evaluation of the performance of board and management;

(3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

(5) safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) balance the conflicting interest of the stakeholders;

(7) determine appropriate levels of remuneration of executive Directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive Directors, key managerial personnel and senior management;

(8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Manner of appointment:

(1) Appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of independent Directors shall be formalised through a letter of appointment, which shall set out :

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (*D and O*) insurance, if any;

- (e) the Code of Business Ethics that the company expects its Directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent Directors shall also be posted on the company's website.

b. Roles & Duties

The roles and duties of the Independent Director will be those normally required of a Non-Executive under the Companies Act, 2013, as amended. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are inter-alia as under:

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- ii. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- iv. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the company;
- vi. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- vii. keep themselves well informed about the company and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- x. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- xi. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- xii. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

- xiii. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

The Independent Directors shall also be taking sufficient care to perform duties specified in the Code for Independent Directors under Schedule IV of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any modification or re-enactment of the same) that come with such an appointment along-with accompanying liability.

As an Independent Director of the Company, he/she will comply with all applicable laws and regulations of all the relevant regulatory and other authorities, as may apply to such Directors in their capacity.

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 the Independent Director had not acted diligently.

c. Expectation of the Board from the Appointed Director

An Independent Director is expected to bring objectivity and independence of view to the Board's discussions especially on issues in relation to the Company's strategy, performance, risk management, resources, key appointments and standards of conduct as well as ensuring high standards of financial probity and corporate governance.

The Board meets at least four times in a year and the Audit Committee and Stakeholders' Relationship Committee also meet at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, which are ordinarily convened twice in a year.

They will be expected to attend meetings of Board and Board Committees in which Independent Director is a member and Members meetings and to devote such time as appropriate to discharge their duties effectively. Ordinarily, all meetings are held at the corporate office or registered office. The Annual General Meeting are held at the place and the manner prescribed under Companies Act, 2013.

By accepting the appointment, the Directors confirm that they can allocate sufficient time to meet the expectations from their role to the satisfaction of the Board.

d. Code of Conduct and Business Ethics for Board of Directors and Insider Trading Code

The Board has put in place a Code of Conduct and Ethics for Board of Directors ("Code"). Independent Directors shall abide by the Code. An annual affirmation of compliance is required to be provided by the Independent Directors on the same.

The Directors shall also comply with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct for Prevention of Insider Trading of the Company. The directors shall not make use of unpublished price sensitive information.

e. Directors' Fees / Remuneration

Sitting Fees

Independent Directors may be paid sitting fees for attending meetings of the Board of Directors and committees thereof (of which they are members), as per the ceiling/ limits prescribed under the Act.

Remuneration

Subject to the provisions of sections 197 and 198 of the Act, an ID may receive remuneration by way of sitting fees, reimbursement of expenses for participation in Board and other meetings and profit related commission, as may be approved by the members.

The Independent Director will be entitled to claim reimbursement of all his/ her travelling, hotel and other incidental expenses incurred by him/ her in performance of duties as director of the Company, as per the provisions of the Act 2013.

f. Stock Options

An Independent Director is not eligible to participate in stock option schemes of the Company.

g. Status of Appointment

The Independent Director will not be the employee of the Company and the appointment letter shall not constitute a contract of employment. The Directors will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board and / or as approved by the members from time to time.

h. Conflict of Interest

It is accepted and acknowledged that the appointed Independent Directors may have business interests other than those of the Company. Considering the same, they are required to declare any such directorships, appointments, and interests to the Board in writing in the prescribed form at the time of their appointment.

If circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgments that they are independent, this should be disclosed to both the Chairman and the Company Secretary.

i. Disclosures, Other Directorships and Business Interests:

Every Independent Director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 of the SEBI Listing Regulations, and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

During the terms of the Independent Director, he/she will promptly notify/ intimate the Company of the following:

- (a) any change in their directorships;
- (b) any other disclosures and information as may be required under the applicable laws;
- (c) any potential conflict of interest with the position as “Independent Director” of the Company, upon becoming aware of the same;
- (d) Declaration under Section 149(7) of the Companies Act, upon any change in circumstances which may affect the status as an “Independent Director”; and
- (e) any change in address or other contact and personal details provided to the Company.

j. Confidentiality

All information acquired during the appointment is confidential to the Company and should not be released, either during the appointment or following cessation (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, an Independent Director shall surrender any documents and other materials made available to them by the Company.

Attention is also drawn to the requirements under the applicable regulations and the Insider Trading Code which is concerned with the disclosure of price sensitive information and dealing in the securities of the Company. Consequently, director should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

Unless specifically authorized by the Company, the Independent Director shall not disclose Company and business information to public constituencies such as the media, the financial community, employees, members, agents, franchises, dealers, distributors, and importers.

k. Cessation

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

Also apart from above Independent Directors may resign from their position at any time and if they wish to do so, they are requested to serve a reasonable written notice on the Board.

Continuation of their appointment is contingent on getting re-elected by the members in accordance with provisions of Companies Act, 2013, the Rules framed thereunder and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the members do not re-elect them at any time.

Their appointment may also be dispensed with in accordance with the provisions of the Companies Act, 2013 & Articles of Association of the Company.

l. Performance Evaluation of Independent Directors

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The re-appointment of Independent Director shall be based on report of performance evaluation.

m. Separate Meetings

i. According to the Secretarial Standard 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. All the Independent Directors of the Company shall strive to be present at such meeting.

ii. 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 and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

n. Miscellaneous

Independent Directors shall give an annual declaration as required under the provision of section 149(7) of the Companies Act, 2013 and the rules made thereunder.

An Independent Director shall not serve as an Independent Director in more than seven listed companies as may be stipulated by the SEBI Listing Regulations or any other law of the land, for the time being in force.

Further, an Independent Director who is serving as a whole-time director in any listed company shall not serve as an independent director in more than three listed companies or such number of listed companies as may be stipulated by the SEBI Listing Regulations or any other law of the land, for the time being in force.

o. Effective Date

The policy shall become effective from listing the Company's shares on the stock exchanges.