



ADOR WELDING LIMITED

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The broad terms and conditions of the appointment of Independent Directors of Ador Welding Limited (AWL) are as follows:

1. Appointment:

- The Company may appoint Independent Directors for a term upto 5 years, subject to Section 149, 152 & 161 of the Companies Act 2013 and Schedule IV to the said Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and compliance of other relevant provisions of the Act.
- The Independent Directors will not be liable to retire by rotation.
- Reappointment at the end of the Term shall be based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Board and the shareholders. The reappointment would be considered by the Board based on the outcome of the performance evaluation process and the Independent Directors continuing to meet the independence criteria.
- The Independent Director may be requested to be member / Chairman of any one or more Committees of the Board which may be constituted from time to time.

2. Role

The role of Independent Director will, inter-alia, include the following:

- To effectively represent and promote the interest of all the Stakeholders, with a view to adding long term value to the Company's shares.
- Ensuring that the Company's goals are clearly established and that the strategies are in place for achieving them.
- Establishing policies and strategies for strengthening the performance of the Company and also ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products, etc.
- Monitoring the performance of the Management.

- Deciding on the steps that are necessary to protect the Company's financial position and the ability to meet its debts and other obligations, whenever they fall due.
- Satisfy themselves that the financial information is accurate and proper financial controls are in place.
- Ensuring that the Company's financial statements are true & fair and otherwise conform with applicable laws.
- Ensuring that the Company adheres to high standards of ethics and Corporate behavior.
- Ensuring that the Company has appropriate risk management / regulatory compliance policies in place.
- Take decisions objectively, in the interest of the Company.
- Discussing the matters with the Board, which cause the Independent Directors concern.

3. Responsibilities

- The Independent Directors need to maintain the limits of Directorships / Committee memberships and Chairmanship as required under Section 165 of the Companies Act 2013 and as per revised Clause 49 of the Listing Agreement.
- The expectation of the Board from the Independent Directors and the Board-level committee(s) in which the Independent Directors are / may be serving and its tasks will be, as discussed in the Board meeting from time to time.
- The Independent Directors will be responsible for the fiduciary duties that come with this appointment along with accompanying liabilities as per the provisions of the Companies Act 2013 and also all other laws applicable to the Company,.
- The Independent Directors will not be working against the interest of the Company and / or with the Companies, in any capacity, who are in similar business as ours, while serving as Director of / in our Company.
- As an Independent Director of the Company, they shall have the same responsibility like any other Director on the Board. However, the Independent Directors shall be held liable, in respect of such acts of omission or commission of the Company, which had occurred with the Independent Director's knowledge, attributable through Board processes, and with the Independent Director's consent or where the Independent Directors had not acted diligently.
- The Independent Directors need to ensure that the conditions, as prescribed under Section 167 of the Act, are not attracted, resulting in vacation of the Independent Director's office.

4. Time Commitment

The Independent Directors will dedicate sufficient time and attention towards the business affairs of the Company and participate actively & constructively in:

- All the meetings of the Board
- Committee(s) in which the Independent Directors are / may be a Member or Chairperson
- General Meetings of the Company
- Annual Meeting of Independent Directors, if any.

5. Indemnity

- The Independent Directors will be granted an indemnity from the Company in respect of liabilities incurred, to the extent permitted by law.

6. AWL Code of Conduct

- The Independent Directors will follow the Code of Conduct devised by the Company for its Directors and Employees.
- The Independent Director's attention is drawn to the requirements under the law, applicable regulations and the Company policy towards disclosure of price sensitive information.
- All Independent Directors are required to sign a confirmation of acceptance of the AWL Code of Conduct for the Board as adopted by the Company on annual basis.

7. Trading in Securities

- The Independent Directors may / can buy or sell the shares of the Company but within the valid trading window and subject to all the relevant legislative and regulatory procedures.
- The Independent Directors shall abide by the provisions of both, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the 'Code of Conduct for Prohibition of Insider Trading' devised by the Company and strictly avoid making any statements that might risk a breach of these requirements without prior clearance from the Executive Chairman.

8. Confidentiality

- All information acquired by the Independent Directors w.r.t. the Company, its products and processes, during their tenure, is confidential to the Company, (other than what is in public domain) and should not be disclosed, either during the tenure of Independent

Director's appointment or after separation, to any third party/ies, except as permitted by law and with prior clearance from the Executive Chairman.

- Upon termination (for whatever cause), the Independent Directors shall deliver to the Company all documents, records, papers or any other company property, which may be in the Independent Director's possession or under the Independent Director's control, in any way, relating to the Company's business affairs, and shall not retain any copies thereof.

9. Training and Development

- The Company may, if required, conduct formal training program for its Independent Directors.
- The Independent Directors will update their skills & knowledge and improve their familiarity with the Company & its business. The Company will arrange for training on all matters which are common to the whole Board.

10. Disclosures, other directorships and business interests

- The Independent Directors shall inform the Company promptly about appointment / cessation of other Directorship / committee membership, if any, in requisite / prescribed form or any information as may be required under the applicable laws.
- At the first meeting of the Board in every financial year or whenever there is any change in the circumstances, which may affect the Independent Director's status as an Independent Director, the Independent Directors are required to give a declaration to that effect confirming that the Independent Directors meet the criteria of Independence, as required under Section 149(6) & (7) of the Companies Act 2013.
- The Independent Directors shall promptly disclose to the Chairman and the Company Secretary, upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company
- During the Independent Director's tenure with the Company, in case the Independent Directors get disqualified, as provided in Section 164 (1) of the Companies Act 2013, the Independent Directors need to intimate the same to the Company.
- During the Term, the Independent Directors shall promptly intimate the Company Secretary 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. Performance Appraisal / Evaluation Process

- The Independent Director's performance will be evaluated periodically by the Board of Directors as per the evaluation criteria laid down by the Board. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.
- After due review of the Independent Director's performance, it shall be determined whether to extend or continue the Independent Director's term.

12. Remuneration & Reimbursement of Expenses

The remuneration to the Independent Directors will be paid as per the 'Remuneration Policy for Directors' adopted by the Company, which inter alia, includes the following:

- The Independent Directors will be entitled to sitting fees, as may be decided by the Board from time to time, for attending the Board & Committee meetings of the Company.
- The Independent Directors will be entitled to receive commission up to 1% of the net profits of the Company computed under section 198 of the Companies Act, 2013, along with other Non-Executive Directors, proportionately, subject to shareholders' approval.
- The Independent Directors will also be reimbursed expenses incurred on travelling for attending Board & Committee Meetings (except for CSR meetings), as communicated / informed in their respective Appointment letters.

13. Disengagement

- 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.
- 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 2013 Act) upon
 - Violation of any provision of the Tata Code of Conduct as applicable to the Non-Executive Directors,
 - Upon the Director failing to meet the criteria for independence as envisaged in Section 149(6) of the 2013 Act