

Terms and conditions of Appointment of Independent Directors

The Board of Directors (“**Board**”) of the Company, [on the recommendation of Nomination, HR & Remuneration Committee (NRC)], at its Meeting held on 23rd January, 2020 has approved appointment of following persons as Independent Directors of NELCO Limited (the “**Company**”) with effect from 28th January, 2020 subject to the approval of shareholders of the Company.

- i) Mr. Narasimha Murthy Kummamuri
- ii) Dr. Lakshmi Nadkarni
- iii) Mr. Ajay Kumar Pandey

In accordance with the requirements of Schedule IV of the 2013 Act pertaining to the Code of Independent Directors and SEBI LODR, the broad terms and conditions of their appointment as Independent Directors are reproduced hereunder:

1. Appointment

Their appointment will be for a term of **5 (Five)** years commencing from **28th January 2020** (“**Term**”) subject to the approval of shareholders of the Company.

As an Independent Director they will not be liable to retire by rotation.

Reappointment 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 and the shareholders. Their reappointment would be considered based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

They may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.

2. Role, duties and responsibilities

A. As member of the Board they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

- Requirements under the Companies Act, 2013,
- Responsibilities of the Board” as outlined in the SEBI LODR,
- Accountability under the Director’s Responsibility Statement.
- Additional responsibilities of the Board which includes:
 - Oversee maintenance of high standards of Tata values and ethical conduct of business.
 - Review TBEM (Tata Business Excellence Model) findings and monitor the action plan.
 - Protect and enhance the company and Tata brand, where companies are using the same.

B. They shall abide by the ‘Code For Independent Directors’ as outlined in Schedule IV of the 2013 Act, Code for Non-Executive Directors, as adopted by the Board and duties of directors as provided in the 2013 Act (including Section 166) and in SEBI LODR.

C. They are particularly requested to provide guidance in their respective area of expertise.

3. Time Commitment

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. They agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as Independent Directors.

4. Remuneration

As an Independent Director they shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

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.

Further, the Company may pay or reimburse to you such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of their duties as an Independent Director, subject to the expense being reasonable.

5. Insurance

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the Term of their appointment, subject to the terms of such policy in force from time to time. A copy of the policy document will be supplied on request.

6. Tata Code of Conduct

As an Independent Director of the Company, they agree to comply with the Tata Code of Conduct for Non-Executive Directors (NEDs).

Unless specifically authorised by the Board, they shall continue to not disclose information regarding Company and its business to constituencies including the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

Their obligation of confidentiality shall survive cessation of their directorship with the Company.

Attention of Independent Directors is being drawn to the applicability of both, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company Code of Conduct for Prevention of Insider Trading and the Company Code of Corporate Disclosure Practices, prohibiting disclosure or use of unpublished price sensitive information.

Additionally, they shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

All Non-Executive Directors are required to sign a confirmation of acceptance of the Tata Code of Conduct for Non-Executive Directors and Independent Directors as adopted by the Board on annual basis.

7. Training and Development

The Company may, if required, conduct formal training program for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company may, 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, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

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9. Disclosures, other directorships and business interests

During the Term, they 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 Chairman / Company Secretary. By accepting the appointment, they confirm that as on date, they have no such conflict of interest issues with their existing directorships.

During their Term, they agree to provide a declaration under Section 149(7) of the 2013 Act and Regulation 25(8) of SEBI LODR confirming that they meet the criteria of independence as provided in Section 149(6) of the 2013 Act and Regulation 16(1)(b) of SEBI LODR and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. This declaration shall be submitted at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect their status as an Independent Director.

10. Changes of personal details

During the Term, they 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. 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 prevailing law. The Company may disengage Independent Directors prior to completion of Term upon violation of Tata Code of Conduct as applicable to Non-Executive Directors or for violation of duties of Independent Director as envisaged under law. Further, the Company may disengage Independent Directors prior to completion of their Term subject to compliance with relevant provisions of the 2013 Act.

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 2013 Act read with the rules framed thereunder or Regulation 16(1)(b) of SEBI LODR, they agree to promptly submit their resignation to the Company with effect from the date of such change.