TERMS & CONDITIONS OF APPOINTMENT OF BOARD OF DIRECTORS

LEEL ELECTRICALS LIMITED

VERSION HISTORY:

Version No.	Effective Date	Amendment /Revision Details
1.0	27.09.2024	Initial Issuance

1. INTRODUCTION:

The Board of Directors of LEEL Electricals Limited ('LEEL' / 'Company'), post its acquisition vide Hon'ble National Company Law Tribunal ("NCLT") Order dated 21.03.2024 under the provisions of Insolvency and Bankruptcy Code, 2016, ("IBC"), adopted these Terms and Conditions in its Meeting (02/2024-25) held on 27.09.2024, in order to align with the relevant provisions of the Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations , 2015 ("SEBI Listing Regulations").

The appointment of an Independent Director ("ID") on Board of Directors of the Company is subject to the provisions of the Companies Act, 2013, ("the Act") including the rules and Schedules thereunder, terms and conditions set out hereunder, and other applicable laws, if any.

In the event of any inconsistency between these Terms and Conditions and applicable laws, the provisions of the law shall take precedence, and the Company will ensure compliance with the relevant legal requirements.

2. DEFINITIONS:

Board: shall mean the collective body of the directors of the company;

Company: shall mean LEEL ELECTRICALS LIMITED;

Director: means a director appointed to the Board of a company;

Independent Director: shall mean the Independent Director as defined under the provisions of Companies Act, 2013, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

SEBI Listing Regulations: means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

That if any definitions are not provided above, then they shall have the same meaning as prescribed in the applicable laws. Further, if any of the above definitions are in contradiction with the applicable laws, then the definitions under the applicable laws shall prevail.

3. MANNER OF APPOINTMENT

a) 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.

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

c) 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.

d) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
   - the term of appointment;
   - 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;
   - the fiduciary duties that come with such an appointment along with accompanying liabilities;
   - provision for Directors and Officers (D and O) insurance, if any;
   - the Code of Business Ethics that the company expects its directors and employees to follow;
   - the list of actions that a director should not do while functioning as such in the company; and
   - the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

4. TERM OF APPOINTMENT:

a) Within the statutory parameters of the Act, a person may be appointed as an ID on the Board of Directors of the Company for a term up to five (5) consecutive years.

b) The re-appointment of the Independent Directors shall be on the basis of report of performance evaluation.

c) On a positive outcome of the said evaluation, an ID shall be eligible for re-appointment, subject to the following:
   (i) Passing of a Special Resolution by the Shareholders of the Company; and
   (ii) Disclosure of such re-appointment in the Board's Report.

d) The Board may appoint an ID to one or more of its existing Committees or any such Committee that is set up in the future, during the term of his / her appointment. Such appointment on any Board Committee will be subject to the provisions of applicable laws in that behalf.

e) An ID shall not be liable to retire by rotation.

f) An ID may resign from his office in compliance with the requirements and the procedure prescribed under the Act, the SEBI Listing Regulations and other applicable laws.

g) The Company may remove an ID from the office in compliance with the requirements and the procedures prescribed under the Act, the SEBI Listing Regulations and other applicable laws.

5. TIME COMMITMENT:

The IDs shall be expected to devote such time as will be necessary for the proper performance of their duties as an ID of the Board. On acceptance of appointment by an ID, it is presumed to be undertaken by them that, taking into account all other commitments that they may have, they are in a position to allocate sufficient time to meet the expectations of their role on the Board of the Company.

6. EXPECTATIONS OF THE BOARD:

The Board expects the ID to:

a) make themselves available for all the Board Meetings and of the committees thereof and general meetings of the Company.

b) observe and comply with applicable law, the Articles of Association of the Company and the rules, regulations and policies of the Company, in relation to his directorship and the business of the Company

c) perform the duties and responsibilities and exercise powers, honestly, faithfully, efficiently, diligently and with reasonable care

d) observe and follow standards appropriate to and having regard to their role as an ID and their knowledge, skills and experience; and

e) inform the Company, upon accepting additional commitments, that might affect the time they are able to devote to their role as an ID.

7. CRITERIA OF INDEPENDENCE:

a) He shall at the first meeting of the Board in which he participates as an ID and thereafter at the first meeting of the Board in every financial year or as and when there is a change in circumstances, which may affect his status as an ID, submit a declaration to the Board that he meets the criteria of independence specified under Section 149(6) of the Act.

b) He shall disclose any direct or indirect interest, which he may have in any matter being considered at a board meeting or committee meeting and, save as permitted under the Articles of Association of the Company, he shall not vote on any resolution of the Board, or of any of its committees, on any matter where he has any direct or indirect interest.

c) Unless specifically authorized to do so by the Board, he shall not enter into any legal or other commitment or contract on behalf of the Company.

d) He shall not hold office in more than the number of companies as may be prescribed by the Act, SEBI Listing Regulations, and other applicable laws, if any, from time to time

8. ROLES, FUNCTIONS AND RESPONSIBILITIES

The role, functions and responsibilities of the Independent Director are enshrined in Section 149(8) read with Schedule IV of the Act.

The independent directors shall:

a) 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;

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

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

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

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

f) balance the conflicting interest of the stakeholders;

g) 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;

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

9. DUTIES:

The independent directors shall—

a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

b) 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;

c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;

e) strive to attend the general meetings of the company;

f) 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;

g) keep themselves well informed about the company and the external environment in which it operates;

h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

i) 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;

j) 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;

k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

l) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

m) 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.

10. CODE OF CONDUCT

An independent director shall:

a) uphold ethical standards of integrity and probity;

b) act objectively and constructively while exercising his duties;

c) exercise his responsibilities in a bona fide manner in the interest of the company;

d) devote sufficient time and attention to his professional obligations for informed and balanced decision making;

e) 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;

f) 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;

g) refrain from any action that would lead to loss of his independence;

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

i) assist the company in implementing the best corporate governance practices.

Further, the Independent Directors shall abide by the relevant provisions of:

a) the Code of Conduct of the Company;

b) the Code for Independent Directors, provided under the Schedule IV of the Act; and

c) such other conditions, duties and standards of conduct, as may be prescribed under the Act, the SEBI Listing Regulations and other applicable laws, if any.

11. PERFORMANCE EVALUATION AND TRAINING

a) The performance evaluation of Independent Directors shall be conducted by the entire Board, excluding the director being evaluated, on the basis of the Criteria for Evaluation of performance of Independent Directors, formulated by the Nomination and Remuneration Committee of the Company. 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.

b) The Independent Directors shall attend and actively participate in the familiarisation programmes and such other orientation or training programmes as may be conducted by the Company from time to time, with a view to familiarising themselves with the Company, its business and operations, including, *inter alia*, the general business of the Company, safety and quality initiatives, challenges and opportunities, developments in the industry, the state of the economy and its impact on the industry and the Company, prevailing business and market conditions, regulatory developments and changes, and their impact on the business and operations of the Company, and such other matters as may be relevant for the effective discharge of their duties and responsibilities as Independent Directors.

12. REMUNERATION

a) Subject to the provisions of sections 197 and 198 an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197 reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

b) Provided that if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V.

13. LIABILITIES

a) For any breach of the duties, he will be subject to the penal consequences as set out under the Act and other applicable laws including SEBI regulations and the Listing Agreement.

b) In relation to the Company, he would be liable for such acts of omission or commission by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance, or where he has not acted diligently.

14. DISCLOSURE

The terms and conditions of appointment of independent directors shall be:

a) open for inspection at the registered office of the company by any member during normal business hours; and

b) disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company