

TERMS AND CONDITIONS OF APPOINTMENT OF THE INDEPENDENT DIRECTORS
*[Pursuant to the provisions of Schedule IV to the Companies Act, 2013 (“the Act”) and
Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,
2015]*

The terms and conditions of appointment of the Independent Directors are subject to the extant provisions of the (i) applicable laws, including the Companies Act, 2013 (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and (ii) Articles of Association of the Company

Terms and Conditions for appointment of Independent Directors:

1. Appointment:

- 1.1. The appointment of Independent Directors shall be Subject to the provisions Section 149 and 152 and other applicable provisions of the Companies Act, 2013 (‘Act’) read with Regulation 17 of SEBI (LODR) Regulations, 2015 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014. The term ‘Independent Director’ should be construed as defined under the Companies Act, 2013 (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“Listing Regulations”) and the Articles of Association of the Company (“AOA”).
- 1.2. The Independent Director will not be liable to retire by rotation.

2. Committees

The Board of Directors (the Board) may, if it deems fit, invite the Independent Director for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. The Independent Directors appointment on such Committee(s) will be subject to the applicable regulations.

3. Time Commitment

By accepting this appointment, Independent Directors confirm that he/she is able to allocate sufficient time to meet the expectations from the Independent Directors role to the satisfaction of the Board.

4. Role and Duties

The role and duties will be those, normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- i. They shall act in accordance with the Company’s Articles of Association.
- ii. They shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company.
- iii. They shall discharge your duties with due and reasonable care, skill and diligence.
- iv. They shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- v. They shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.

In addition to the above requirements applicable to all Directors, the role of an Independent Director has the following key elements;

Strategy: Independent Directors should constructively challenge and help in improving proposals on short-term and long-term strategy;

Performance: Independent Directors should scrutinize the performance of management in meeting agreed goals and objectives;

Risk: Independent Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Independent Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Independent Directors take responsibility for the processes for accurately reporting on performance and the financial position of the Company;

Compliance: Independent Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company practices to accepted norms;

Stakeholders: Independent directors to balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole;

ESG: Independent Directors to contribute to the ESG strategy.

5. **Sitting Fees/Remuneration**

The Independent Director 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 from time to time in compliance with applicable law.

6. **Performance Appraisal / Evaluation Process**

As members 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.

7. **Conflict of Interest**

- a. It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company. The Independent Directors are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment.
- b. In the event that the 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 judgment that the Independent Director are independent, this should be disclosed to both the Chairman and the Secretary.

8. **Confidentiality**

All information acquired during the appointment is confidential to Porwal Auto Components Limited and should not be released, either during appointment or following termination (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, the Independent Directors shall surrender any documents and other materials made available to them by Porwal Auto Components Limited.

Independent Director is subject to and bound by the prohibition and restrictions against Insider Trading and disclosure of Unpublished Price Sensitive Information, as prescribed under the Act and the regulations issued by the Securities and Exchange Board of India ("SEBI"). ID would have to strictly abide by the Code of Conduct for Prevention of Insider Trading of the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended or replaced from time to time).

9. Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record the Independent Director's interest appropriately and our records are updated. A general notice that the Independent Directors are interested in any contracts with a particular person, firm or company is acceptable.

10. Code of conduct

The Independent Directors are required to comply with the code of conduct adopted by the Board of Directors and to comply with Schedule IV of the Companies Act, 2013 and applicable provisions of SEBI (LODR) Regulations, 2015, SEBI rules and Regulations for prohibition of Insider trading and other related issues from time to time.

11. Termination

- a. The Independent Director may resign from the position at any time and should they wish to do so, they are requested to serve a reasonable written notice to the Board.
- b. Appointment of Independent Directors may also be terminated in accordance with the provisions of the Articles of Association of the company and the provisions of the aforesaid act and Regulations
- c. If, at any stage during the Term, there is a change that may affect status of an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, the Independent Director fail to meet the criteria for "independence" under the provisions of SEBI (LODR) Regulations, 2015, he/she agree to promptly submit his/her resignation to the Company with effect from the date of such change.

12. Liability:

Subject to applicable law, for any breach of duties, ID will be liable to consequence prescribed under applicable law and in relation to the Company, ID would be liable for such acts of omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance, or where ID has not acted diligently.

13. Miscellaneous

- a. The appointment of ID is also subject to the maximum permissible directorships that one can hold under applicable law, including as per the provisions of the Act and the Listing Regulations.
- b. ID will not be in employment of the Company.
- c. ID will be invited to attend ongoing training and familiarization sessions, including briefings from management and site visits.
- d. While accepting the appointment, the ID confirms that he / she will be able to allocate sufficient time to perform his/her duties as a director and attend meetings of the Board or any committee thereof. In addition to such attendances, ID will be expected to devote appropriate preparation time ahead of each meeting.

- e. Annually and when required the Independent Directors meet without the presence of Non-Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluate the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluate the performance of the Chairman of the Board and discuss aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

14. Governing Law

This agreement is governed by and will be interpreted in accordance with Indian law and Independent Director's engagement shall be subject to the jurisdiction of the Indian courts.