

## MENON BEARINGS LIMITED

### TERMS OF APPOINTMENT OF INDEPENDENT DIRECTORS

#### PREAMBLE:

This document sets out detailed procedure and terms and conditions for appointment / re-appointment / resignation / removal of Independent Directors of the Company as required under the provisions of the Companies Act, 2013 ('Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

#### 1. Terms of appointment:

- 1.1. The term of office as an Independent Director can be upto 5 (Five) years and shall be eligible for re-appointment of one more term of upto 5 (Five) years, subject to compliance of other conditions and the approval of the shareholders of the Company by passing Special Resolution;
- 1.2. An Independent Director shall not hold office for more than two consecutive terms of 5 years each, but shall be eligible for appointment after a cooling period of three years, provided he / she shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly;
- 1.3. This directorship is not subject to retirement by rotation;
- 1.4. As per the provisions of Regulation 17A of the Listing Regulations an Independent Director can:
  - (a) serve upto 7 companies as an independent director; and
  - (b) if he is serving as a whole time director / managing director in any listed company, can serve as an independent director in not more than three listed companies;
- 1.5. In case, an Independent Director resigns from directorship of the Company for any reason, it can be done at any time by giving a letter of resignation or letter for not seeking re-appointment to the Chairman / Board of Directors mentioning detailed reasons for the same in resignation letter or letter for not seeking re-appointment;
- 1.6. An Independent Director, who resigns from a listed entity, shall not be appointed as an Executive / Whole Time Director on the Board of the Company, its holding, subsidiary or associate Company or on the Board of a Company belonging to its Promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director; and

- 1.7. Performance evaluation of Independent Director shall be made by entire Board during his / her tenure with the Company in accordance with the processes established by the Board from time to time and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of his / her appointment as an Independent Director of the Company.

## 2. The expectations of the Board from an Independent Director:

The commitments that are expected from an Independent Director in relation to his / her functions are as follows:

- 2.1. An Independent Director is expected to devote sufficient time as necessary for the proper performance of his / her duties and balanced decision making and also to involve in Board and / or Committee meetings each year;
- 2.2. An Independent Director should satisfy that the financial information is accurate and that financial controls and systems of risk management are robust and defensible;
- 2.3. An Independent Director should strive to attend all the scheduled Committee Meetings, Board Meetings, General Meetings and other meetings held from time to time;
- 2.4. An Independent Director should strive to hold and / or be present in at least one meeting in a financial year without the presence of Non-Independent Directors and members of management with the sole objective of:
- reviewing the performance of Non-Independent Directors and the Board as a whole;
  - reviewing the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
  - assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## 3. Appointment in Board-level Committees:

As advised by the Board, during the tenure of office, an Independent Director may be required to serve on one or more of the Committees of the Board established by the Company from time to time. Presently, the Company has following Committees:

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CIN : L29130PN1991PLC062352



- (A) Audit Committee;
- (B) Nomination and Remuneration Committee;
- (C) Stakeholders' Relationship Committee; and
- (D) Corporate Social Responsibility Committee.

#### 4. The fiduciary duties of the Independent Directors:

- 4.1. As a director of the Company, the Independent Director will have to familiarize with the relevant directors' duties, roles and responsibilities as set out in the Code for Independent Directors under Schedule IV of the Act;
- 4.2. An Independent Director shall disclose interest in any of the contract or arrangements and also disclose the interest on periodical basis as required under law;
- 4.3. As a director of the Company, he / she will have all legal duties and obligations under the Act and the Listing Regulations , including attendance at Board Meetings, Annual General Meetings, Meetings of Independent Directors and such other additional duties, as may be assigned to from time to time;
- 4.4. As an independent Director, his / her liability will be in respect of 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 he / she had not acted diligently; and
- 4.5. By accepting the appointment, an Independent Director is deemed to have confirmed that any other position he / she holds including his / her directorships in other organizations will not give rise to any 'conflicts of interest' in relation to his / her appointment as an Independent Director of the Company. Should he / she become aware of any conflict or potential conflict during the period of his / her appointment, he / she is expected to notify the same to the Board from time to time.

#### 5. The Code of Business Ethics:

An Independent Director will be required to abide by the Company's "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders" as per the SEBI (Prohibition of Insider Trading) Regulations, 2015, Code of Conduct of Board of Directors and Senior Management Personnel as per the Listing Regulations besides Code for Independent Directors, as framed by the Company from time to time.

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**6. The list of actions that an Independent Director should not do while functioning as such in the Company:**

As an Independent Director of the Company, he / she shall not –

- i. misuse the information in his / her possession for personal gains;
- ii. engage in any ways (both directly or indirectly) with the competitors;
- iii. in any way indulge in activities which may be construed as conflict of interest;
- iv. break any law of the land or indulge or provoke the co-directors or employees to do the same; and
- v. enter into any contract or arrangements wherein he / she is directly or indirectly interested.

The above list is only indicative and not exhaustive.

**7. Independent Directors' fees / remuneration:**

- 7.1. Sitting fees will be paid to the Independent Director for each meeting of the Board / Committees attended by him / her, as may be fixed by the Board from time to time;
- 7.2. An Independent Director can be paid commission, as may be decided by the Board of Directors and approved by the shareholders of the Company;
- 7.3. An 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 his / her duties; and
- 7.4. Independent Directors shall not be entitled to any 'stock options' and will not be covered by any pension scheme.

**8. Disclosures:**

- 8.1. An Independent Director will have to submit such information to the Board as may be required from time to time;
- 8.2. An Independent Director will be required to disclose to the Company his / her interests and any matters (excluding those matters, which may be subject to legal professional privilege), which affect his / her independence; and

- 8.3. An Independent Director will be required to give a declaration that he / she meets the criteria of independence every financial year, as provided under Section 149 of the Act and as provided in clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations and also submit the declaration pursuant to Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

This amended document has been approved and adopted by the Board of Directors of the Company in its meeting held on 5<sup>th</sup> February, 2022 with immediate effect.

