

Appointment of Independent Directors -Terms and conditions

(Pursuant to Schedule IV of the Companies Act, 2013)



Date _____

To,

Shri / Smt. _____

Sub : Appointment as an Independent Director on the Board of the Company

This has reference to the Department of Defence Production, Ministry of Defence (**MoD**), Government of India Order vide No..... dated communicating your appointment as an Independent Director on the Board of BEML Limited (**BEML/the Company**), as per the directives of the President of India. A copy of the said communication is also marked to you by MoD.

I am pleased to invite you on the Board of the Company. I am confident that with your rich and long years of experience, the Company, and more particularly the Board of Directors, would benefit greatly.

This letter of appointment is being issued in terms of Schedule IV read with Section 149(8) of the Companies Act, 2013 (**Act**), subject to the following terms and conditions, which shall also be subject to other applicable provisions of the Act:

A. Term of Office:

The tenure of your office of Independent Director (**ID**) shall extend to a term of 3 years w.e.f. or further orders of the Government of India, whichever is earlier, subject to Article 97 of the Articles of Association (**AoA**) and the provisions of Section 149(10) of the Act, and also the approval of the members at the ensuing general meeting.

B. Conditions:

(1) Official Position:

Although your position in the Company is that of an 'officer' in terms of section 2(59), you shall not be an 'officer in default' in terms of section 2(60) of the Act. However, in terms of the provisions under section 149(12) of the Act, you shall be held liable in respect of such acts of omission or commission by the Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

Further, this letter of appointment does neither envisage employee – employer relationship nor constitute any contractual obligation between you and the Company.

(2) Number of other Directorships

Further, your appointment is subject to the maximum permissible directorships that one can hold as per the provisions under section 165 of the Act - *maximum 20 companies out of which not more than 10 shall be public companies*, Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**) - *as ID in maximum 7 listed companies, however, one shall not be an ID in more than 3 listed companies if he is a Whole-Time Director of a listed company*, and the DPE guidelines on Corporate Governance for CPSEs (**CG Guidelines**) - *as ID in maximum 3 CPSEs and not more than 10 private companies*.

(3) Number of memberships on the Board Committees

In terms of Regn. 26 of the Listing Regulations, a Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all the public companies. Further, for the purpose of determination of limit, Chairmanship or membership of the Audit Committee and the Stakeholders' Relationship Committee shall alone be considered.

Further, you are required to inform the Company about your existing Chairmanship or membership of Committee/s in other companies as on the date of the said appointment letter and also any subsequent change/s, if any, from time to time.

(4) Submission of statutory Forms:

You are required to submit –

- (a) notice of interest or concern in other entities in terms of Section 184(1) of the Companies Act, 2013 in Form MBP-1.
- (b) declaration to the Board that you meet the criteria of independence specified under Section 149(6) of the Act, read with relevant rules, and the Listing Regulations in terms of Section 149(7) of the Act.
- (c) Compliance Report on 'Code of Conduct and Business Ethics for Board Members and Senior Management' in terms of Regn. 26(3) of the Listing Regulations and CG Guidelines.
- (d) Compliance Report in Form PIT-3 as provided under "BEML Code of Conduct to Regulate, Monitor and Report Trading by Insiders".

(5) Board's expectation from ID:

You are expected to participate in the familiarization programme of the Company preferably before your attending the first meeting of the Board / Committee and get acquainted with the Company's operations and business.

Further, the Board expects your regular attendance at the meetings of the Board and its Committees. You are expected to devote sufficient time for the preparation of Board deliberations and also active participation in Board / Committee deliberations.

(6) Roles and Responsibilities

As an ID, besides the functions and duties applicable to every director, or the functions or duties of the Board collectively, you shall observe the statutory duties of Directors as prescribed under Section 166 of the Act, the duties embedded in the Code for IDs as provided under Schedule IV of the Act, the responsibilities of Board of Directors under Listing Regulations and Model Role and Responsibilities of Non-Official (Independent) Directors of CPSEs as per CG Guidelines.

Further, you may be required to serve on the Committee/s of the Board as nominated by the Board from time to time. Upon such nomination, you shall strive to carry out the obligations under the terms of reference of the Committee/s.

You will also be expected to perform your duties - whether contractual, statutory or fiduciary, faithfully, efficiently and exercise the skill and care commensurate with your role, knowledge and experience and with due regard to applicable laws.

You do not have authority to commit the Company in any way, nor should you make any statements on behalf of the Company or anything concerning the Company to the media, financial institutions, or anyone associated with the stock market or investor community without the express authorisation of the Board. Please note that all media enquiries concerning the Company must be referred immediately to the Chairman of the Company. Further, you shall not take any step or action that will bring or likely to bring disrepute to the Company or affect the Company's interest adversely.

Further, it may be noted that a specific statutory remedy has been prescribed under section 245 of the Act concerning class action whereby the shareholders can initiate legal recourse against the Company or the Directors for any fraudulent, unlawful or wrongful act or omission or conduct or any likely act of omission or conduct on a director's part.

(7) Remuneration, Travel and Expenses:

You will be entitled to such sitting fees as approved by the Board from time to time for attending the meeting/s of Board / Committee.

IDs are entitled for a Sitting fee of ₹20,000 for the first meeting of the Board / Committee held in a day and ₹10,000 each for the following meeting/s on that day. Sitting fees are subject to deduction of tax at source.

Company will arrange for economy class air travel tickets on the shortest sector between the location of your residence and the location of meeting. In addition, local transport facility will be provided by the Company. In case you are required to travel from / to a location other than the location of your residence, suitable air travel tickets will be arranged upon your specific request in writing with reason to the Company.

The Company will bear / reimburse all incidental expenses incurred in your role as a Director for attending the Board / Committee meetings including local travel expenses, boarding and lodging expenses. However, the reimbursements are subject to submission of necessary vouchers, bills, documents or self certificate, as may be required.

(8) Directors and Officers Insurance:

The Company provides necessary insurance coverage under 'Directors and Officers Liability Insurance Policy' against the risk flowing out of the commissions and omissions in the normal course of action of the Directors and Officers of the Company.

(9) Familiarisation / Training programme:

You are required to undergo a familiarization programme as prescribed under the 'Policy on Familiarization / Training Programmes to Board members of BEML'. The said programme is scheduled for 3 days. You are requested to undergo the said programme immediately along with other IDs. You may contact the Company Secretary for necessary coordination in this regard. In addition, the Company would undertake / sponsor training programs for Board Members from time to time for enriching and updating their knowledge on the trade, industry and legal environment pertaining to the Company.

(10) Annual calendar of meetings:

The annual calendar of meetings of the Board / Committee will be finalized by the Board ahead of each financial year. In addition, the IDs shall hold at least one meeting in a year.

(11) Confidentiality and Competitive Business

In your role as an ID you will be in possession of confidential information about the Company and its affairs primarily by way of agenda notes and proceedings of the meetings of Board / Committee(s). You shall use such information for the performance

of your duties as a Director or as required under law and you shall not use the same to gain advantage for yourself or others, or to the detriment of the Company.

In view of the sensitive and confidential nature of the Company's business involving national security you agree that so long as you are an ID of the Company you will not, without the consent of the Board, which shall not be withheld unreasonably, be engaged or interested in any capacity in any business or with any company which is, in the reasonable opinion of the Board, competitive with the business of the Company or its subsidiaries, affiliates or associate companies. In the event that you become aware of any potential conflicts of interest, the same shall be disclosed to the Chairperson and to the Company Secretary as soon as possible.

(12) Company Records and Other Property:

You shall, on request at any time and from time to time (and in any event, on termination / expiry of your appointment with the Company), immediately deliver to the Company or its authorised representatives, confidential information, documents, electronic gadgets including computer, which may be in your possession or control.

(13) Resignation and Termination:

You may resign as an ID of the Company at any time and should you wish to do so, you are requested to serve a written notice stating the reasons for resignation. Your appointment may also be terminated in accordance with the provisions under the Articles of Association and / or the Act on certain specified occasions or by an order issued by the Government of India to that effect.

(14) Miscellaneous

This letter constitutes the entire terms and conditions of your appointment.

The Company has a right to change the terms of this letter from time to time in accordance with applicable laws.

The terms and conditions of this letter along with your detailed profile shall be made publicly available by the Company in accordance with the provisions of the Act and the Listing Regulations.

(15) Governing Law

Your appointment is governed by and will be interpreted in accordance with the enactments of the Republic of India and the directives issued by the Government Authorities including Department of Defence Production, SEBI, Department of Public Enterprises and Ministry of Corporate Affairs. Further, your engagement as ID shall be subject to the jurisdiction of the courts at Bengaluru.

(16) Acceptance of Appointment

I am confident that your association, expertise and experience will immensely benefit the Company and the Board and I am eager to meet you on your visit for familiarization programme. If the above terms are acceptable, we request you to confirm the same by signing and returning the duplicate copy of this letter.

Yours sincerely,
For BEML Limited

Chairman & Managing Director

ACKNOWLEDGEMENT

I hereby confirm and agree to the afore-mentioned terms and conditions of my appointment as an ID on the Board of BEML Limited.

Date :

(Signature)