

CMI LIMITED

Terms and conditions of Appointment of Independent Director

1. Terms of Appointment:

The appointment of Independent Directors of CMI Limited (**‘the Company’**) will be governed by the provisions of the Section 149 read with Schedule IV of the Companies Act, 2013 and with the provisions of Regulation 25 of SEBI Listing Obligations and Disclosure Requirements (LODR), as amended from time to time for a term upto five consecutive years on the Board of the Company provided shall be eligible for re-appointment on passing of a Special Resolution by the Company.

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.

Independent Directors 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. The provisions of sub sections (6) and (7) of Section 152 in respect of retirement of Directors by rotation shall not be applicable to their appointment.

2. Duties: The aforesaid Independent Directors (INDs) shall:

- (i) Ensure compliance of the applicable provisions of Section 149 of the along with provisions of Schedule IV Companies Act, 2013 and Regulation 25 of SEBI LODR,2015 and amendment thereof;
- (ii) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company ;
- (iii) 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;
- (iv) Strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member and also the General Meetings of the Company and hold at least one meeting in a year without the attendance of Non Independent Directors and members of management.
- (v) 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;

- (vi) Keep themselves well informed about the Company and the external environment in which it operates;
- (vii) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (viii) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and ensure themselves that the same are in the interest of the Company;
- (ix) Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interest of a person who uses such mechanism are not prejudicially affected on account of such use;
- (x) Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (xi) Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (xii) 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.

3. Code of Conduct:

Independent Directors shall abide by the Code of Conduct as per the provision of Schedule IV of Code for Independent Directors of the Companies Act, 2013

4. Remuneration:

Independent Directors shall be paid sitting fees and be entitled to reimbursement of expenses for attending the Meetings of the Board/Committee of Directors and also entitled to Profit sharing commission as may be decided by the Board from time to time in terms of Shareholders approval within the limits permitted under the Companies Act.

5. Resignation or removal

The resignation or removal shall be in accordance with provisions of Section 168 and 169 of the Companies Act, 2013.

6. Evaluation Mechanism:

The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Directors being evaluated.

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.