

The Patna Electric Supply Co. Ltd

33A, Jawaharlal Nehru Road, Chatterjee International, Unit A-9, 8th Floor Russel Street, Kolkata-700071

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Website: www.patnaelectricssupplycompany.com

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

1. PREAMBLE

This document outlines the broad terms and conditions of appointment of Independent Directors (“IDs”) on the Board of **The Patna Electric Supply Co. Ltd.** (“the Company”) as prescribed under the provisions of the **Companies Act, 2013**, the **SEBI (LODR) Regulations, 2015**, and **Schedule IV** of the Act (Code for Independent Directors), as amended from time to time. These terms may be revised and updated in line with changes in law or governance norms.

2. APPOINTMENT

- The appointment is for a term **not exceeding five consecutive years**, subject to approval by shareholders.
- The reappointment shall be made by passing a **special resolution** and shall be subject to performance evaluation.
- An Independent Director is not liable to retire by rotation.

3. INDEPENDENCE

- The appointment is subject to the Director meeting the criteria of **independence** as defined under:
 - Section 149(6) of the Companies Act, 2013
 - Regulation 16(1)(b) of SEBI (LODR) Regulations
- The Independent Director shall submit a declaration of independence at the time of appointment and thereafter at the beginning of every financial year.

4. ROLES AND RESPONSIBILITIES

Independent Directors shall:

- Uphold the highest standards of integrity and ethical conduct.
- Exercise objective and independent judgment in the best interest of the Company and its stakeholders.
- Monitor the Company’s performance and contribute to the strategic direction.
- Safeguard the interests of minority shareholders.

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- Attend and actively participate in Board and Committee meetings.
- Bring an independent perspective to the Board's deliberations.
- Oversee financial reporting, internal control systems, and risk management.

5. COMMITTEES

- The Board may appoint Independent Directors to serve on various **Committees of the Board** such as:
 - Audit Committee
 - Nomination and Remuneration Committee
 - Stakeholders Relationship Committee
 - Other Committee
- Independent Directors shall be expected to devote additional time for committee responsibilities.

6. REMUNERATION

- Independent Directors shall receive remuneration by way of:
 - **Sitting fees** for attending Board and Committee meetings;
 - **Commission if any** as approved by shareholders;
 - **Reimbursement of expenses** if any incurred in connection with performance of duties.
- They shall not be entitled to **stock options** or any performance-linked incentives.

7. PERFORMANCE EVALUATION

- The performance of Independent Directors shall be evaluated annually by the **Board of Directors** or the **Nomination and Remuneration Committee (NRC)**.
- Reappointment and continuation will be subject to evaluation outcome.

8. CONFIDENTIALITY

- Independent Directors shall not disclose confidential information acquired during their tenure, including but not limited to:
 - Business strategies
 - Financial results
 - Client data
 - Trade secrets

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- This obligation continues even after cessation of directorship.

9. CODE OF CONDUCT AND POLICIES

Independent Directors shall comply with:

- The Company's **Code of Conduct for Directors and Senior Management**;
- The **Code for Prevention of Insider Trading and UPSI Disclosure Policy**;
- The **Corporate Governance Guidelines**, if any;
- All other Company policies applicable to directors.

10. TRAINING AND INDUCTION

- The Company shall provide suitable induction and training to Independent Directors on their roles, duties, legal responsibilities, and the Company's strategy, operations, and financials.

11. ACCESS TO INFORMATION AND SUPPORT

- Independent Directors shall have:
 - Access to **senior management** and **Company information**;
 - Support from the **Company Secretary**, who shall coordinate Board processes and act as a facilitator;
 - Right to **independent professional advice** at the Company's expense if deemed necessary.

12. RESIGNATION OR TERMINATION

- An Independent Director may resign at any time by giving a written notice to the Board.
- Termination may occur due to non-fulfillment of eligibility criteria or upon completion of the term, whichever is earlier.
- On resignation or removal, the Director shall ensure proper handover of responsibilities.

13. CONFLICT OF INTEREST

- Independent Directors shall avoid any conflict of interest, financial or otherwise, with the Company.

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- They shall disclose their concern or interest in any contract or arrangement entered into or proposed to be entered into by the Company, as required under Section 184 of the Companies Act, 2013.

14. INSURANCE

The Company may obtain appropriate **Directors and Officers (D&O) Liability Insurance** for all Directors, including Independent Directors, as per industry practice.

15. DISCLOSURE AND PUBLICATION

- The detailed terms and conditions of appointment of Independent Directors shall be:
 - **Disclosed on the Company's website;**
 - **Included in the letter of appointment** issued to each Independent Director;
 - **May Referred to in the Corporate Governance Report** in the Annual Report.

16. AMENDMENTS

This document may be amended from time to time by the Board to comply with changes in law or to incorporate better governance practices.

17. EFFECTIVE DATE

These terms and conditions shall be effective from the date of approval by the **Board of Directors** and shall apply to all existing and future Independent Directors.
