



## **TERMS OF ENGAGEMENT OF INDEPENDENT DIRECTORS (“APPOINTMENT”) OF RDB REAL ESTATE CONSTRUCTIONS LIMITED (“THE COMPANY”)**

Terms and Conditions related to engagement of Independent Directors, but which shall be subject to and in conformity with the Articles of Association of the Company & Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended time to time).

### **1. DEFINITION OF INDEPENDENT DIRECTOR**

**“Independent Director”** is defined under Sections 2 (47) & 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

An **“Independent director”** means a non-executive director other than a managing director or a whole-time director or a nominee director of the listed entity:

- i. who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- ii. who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
- iii. who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- iv. who, apart from receiving director's remuneration or having transaction not exceeding ten per cent. of his total income, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- v. none of whose relatives—
  - (A) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year, of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;
  - (B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
  - (C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors of such holding company, for such amount as may be specified

during the three immediately preceding financial years or during the current financial year;  
or

- (D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (A), (B) or (C).

**Provided that** the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.]

vi. who, neither himself /herself, nor any of his relative(s) —

- (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company [or any company belonging to the promoter group of the listed entity,] in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

**Provided that** in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment during preceding three financial year.

- (B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

- (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
- (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

- (C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

- (D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

- (E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

vii. who is not less than 21 years of age.

viii. who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director

## 2. APPOINTMENT OF INDEPENDENT DIRECTORS

Appointment is for an initial term of up to five years, unless otherwise terminated earlier by and at the discretion of either party. Independent Directors are typically expected to serve not more than two terms of five years each. Appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

As Independent Directors, they will not be liable to retire by rotation pursuant to the provisions of the Companies Act, 2013. Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. Reappointment would be considered based on the

outcome of the performance evaluation process and the Director continuing to meet the independence criteria.

Directors may be requested to be a member/ Chairman of any one or more Committees of the Board which may be constituted from time to time.

### **3. ROLES, DUTIES AND RESPONSIBILITIES**

Independent Directors have the same general legal responsibilities to the company as any other Director.

Independent Director of the Company, are required:

- to act in accordance with the Company's Articles of Association.
- to discharge duties with due and reasonable care, skill and diligence.
- not to achieve or attempt to achieve any undue gain or advantage either to himself or to any related person/ party.
- to 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.
- not to involve in a situation conflicting with the interest of the Company and to put the interests of Company above others.

In addition to the above requirements applicable to all Directors, role of the Independent Directors shall also include duties as prescribed in Schedule IV of Companies Act, 2013.

### **4. REMUNERATION**

The Independent Director would be entitled for sitting fees as may be determined by the Board of Directors of the Company (in accordance with the provisions of law) from time to time for the director's services as an Independent Director. Provided that the sitting fee shall not be less than the sitting fee payable to other directors. In addition to the sitting fees, commission as may be determined by the Board and shareholders of the Company may also be payable to them.

In addition to the fee described above, the Company will reimburse the Independent Director for all reasonable and properly documented expenses he/ she incurs in performing his/her role as an Independent Director.

### **5. EVALUATION PROCESS**

As a member of the Board, performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each Director shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee of the Board and 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.

In addition to the above, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director 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.

## **6. TRAINING AND DEVELOPMENT**

The Company conducts induction program for its Independent Directors familiarizing them with Company's management team and business operations. The Company updates the Directors on regulatory changes through various notes and presentations.

## **7. CONFIDENTIALITY**

During their tenure, Independent Directors of the Company are aware of information that is confidential to the Company. All such information acquired during tenure should not be released to third parties unless such disclosure is expressly approved by the Board or required by law..

## **8. DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS:**

During the term, they agree to promptly notify the Company of any change in their directorships and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

During their Term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, upon any change in circumstances which may affect their status as an Independent Director.