



BHARAT GEARS LIMITED

Geared for Life

TERMS OF APPOINTMENT OF NON EXECUTIVE INDEPENDENT DIRECTORS

Appointment

1. Your appointment as a Non-Executive Independent Director on the Board of Directors is subject to the provisions of Companies Act, 2013.
2. In compliance with provisions of the Companies Act, 2013, your directorship is not subject to retirement by rotation.
3. Notwithstanding other provisions of this letter, the appointment may be terminated on failure to meet the parameters of Independence as defined in Section 149(6) or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013.
4. Upon termination or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.

Committees

The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

Role, duties and responsibilities

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the listing agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- I. You shall act in accordance with the Company's Articles of Association.
- II. You shall 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.
- III. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.



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- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as Director and any assignments so made shall be void.

In addition to the above requirements applicable to all Directors, the role of the Non-Executive Director has the following key elements:

Strategy: Non-Executive Directors should constructively challenge and help develop proposals on strategy;

Performance: Non-Executive Directors should scrutinize the performance of management in meeting agreed goals and objectives;

Risk: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Non-Executive Directors take responsibility for the processes for accurately reporting on performance and the financial position of the Company; and

Compliance: Non-Executive Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company practices to accepted norms.

Code of Conduct

As an Independent Director, you agree to comply with regulations as contained in Schedule IV under Companies Act, 2013, including the following codes of conduct of the Company:

- i. Code of Conduct for Board of Directors and Senior Management;
 - ii. Code of Internal Procedure and Code for prevention of Insider Trading in securities of the Company;
- and such other requirements as the Board of Directors may from to time specify.

Time Commitment

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

**Status of Appointment**

1. You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid sitting fees for meetings of the Board and its Committees as may be decided by the Board and approved by the Shareholders from time to time.
2. The sitting fees presently paid to the Non-Executive Independent Director is Rs. 15,000/- per meeting of the Board & Audit Committee and Rs. 5,000/- for any other Committee.
3. You will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

Reimbursement of Expenses

In addition to the sitting fees described above, the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties.

Independent Professional Advice

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

Conflict of Interest

1. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.
2. In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that you are independent, this should be disclosed to both the Chairman and the Secretary.

Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.



Confidentiality

1. All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to the Company.
2. Your attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently you should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

Publication of the Letter of Appointment

In line with provisions of Schedule IV under the Companies Act, 2013, the Company will make public the terms and conditions of your appointment and will also arrange for it displayed on the Company's website.

Termination

1. You may resign from the position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board. In terms of the provisions of Companies Act, 2013, you are requested to file a copy of your resignation letter to Registrar of Companies (ROC).
2. Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with the provisions of Companies Act, 2013, from time to time in force. You will not be able to entitled to compensation if the shareholders do not re-elect you at any time.
3. Your appointment may also be terminated in accordance with the provision of the Articles of Association of the Company from time to time in force.

General

1. This Letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the court of Haryana.
2. Please confirm your agreement to the above by signing and returning the enclosed duplicate of this letter.
3. The terms and conditions of appointment of Independent Director shall be open for inspection at the registered office of the Company by any member during the normal business hours.