



BEMCO HYDRAULICS LIMITED

(CIN: L51101KA1957PLC001283)



REGD. OFFICE & WORKS :

UDYAMBAG, BELGAUM - 590 008. KARNATAKA, INDIA

Email:- cs@bemcohydraulics.net Web :- www.bemcohydraulics.net

Tel: - 91-831-2441980, 2440270

Fax :- 91-831-2441263

TERMS AND CONDITIONS OF APPOINTMENT AS INDEPENDENT DIRECTOR

Abiding Laws:

The appointment as an Independent Director will be in accordance with the provisions as applicable from time to time under the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Status of appointment and Remuneration:

The Independent director shall not be an employee of the Company and this letter shall not constitute a contract of employment. They shall be paid such remuneration by way of sitting fees for meeting of the Board as may be decided by the Board from time to time.

Expectations from Board:

I. Guidelines of professional conduct:

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a *bona fide* manner in the interest of the company;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of board and management;
3. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interest of the stakeholders;

7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Fiduciary Duties :

The independent directors shall—

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. 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;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;
6. 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;
7. keep themselves well informed about the company and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. 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.

The Code of Business Ethics/ Conduct:

The Independent director shall follow the Code of Conduct laid down for all members of Board of Directors and senior management of the company.

The List of Actions that the directors should maintain:

1. No Independent director of the company shall enter into any agreement for himself or on behalf of any person with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealing in securities of the company, unless prior approval has been obtained by the Board of Directors and shareholders of the company.
2. No Independent director shall trade during the closure of Trading window and should follow the norms under SEBI (Prohibition of Insider Trading) Regulations, 2015.
3. The highest standards confidentiality to be maintained in respect of any information concerning the Company which you may come across by virtue of your position as a Non-Executive Independent Director.

Separate Meeting:

The Independent director shall hold a meeting in a financial year without the attendance of non independent director and members of management to—

1. review the performance of non-independent directors and the Board as a whole;
2. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
3. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Liability:

The Independent director shall be held liable only for such acts of omission or commission by the company which has occurred with his knowledge, attributable through processes of Board of Directors, and with his consent and connivance or where he has not acted diligently.

Declarations:

The Independent director shall intimate the company as and when required by submitting the declarations under/for---

1. Regulation 16(1)(b) of SEBI (Listing obligation and disclosures requirements) Regulations, 2015 and sub-section (6) of section 149 of the Companies Act, 2013 for meeting the criteria of independence as director.
2. Section 184(1) for Notice of interest by director
3. Section 164(2) for Disqualifications for Appointment of Director.
4. The committee position he occupies in other listed entities including committee positions.
5. Maximum no of Directorship held in public Company, Private Companies and listed companies.

Termination:

1. The Independent director 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.
2. Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.
3. The Independent director may be disqualified as a Independent Director w.r.t provisions of section 149, 164 and 184 of the companies Act, 2013.