

TERMS AND CONDITIONS OF APPOINTMENT AS AN INDEPENDENT DIRECTOR (“ID”) OF BONFIGLIOLI TRANSMISSIONS LIMITED (“COMPANY”) (FORMERLY KNOWN AS BONFIGLIOLI TRANSMISSIONS PRIVATE LIMITED)

The appointment as an Independent Director is subject to the Articles of Association of the Company and the terms and conditions set out below:

1. TERMS OF APPOINTMENT

- i. The appointment of **Non-Executive, Independent Director** is for a term of 5 (five) consecutive years unless terminated earlier or extended, in accordance with the terms of this Letter and applicable law (“**Term**”). The term Independent Director should be construed as defined under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Regulations**”).
- ii. The independent director shall not be liable to retire by rotation.
- iii. Appointment will be subject to: (a) the prevailing provisions of the Companies Act, 2013 (“**Act**”), rules made thereunder and other applicable laws, as may be amended from time to time; (b) the constitutional documents, codes and policies of the Company as amended and in place from time to time; and (c) the terms and conditions contained in this Letter. Appointment is also subject to the maximum permissible directorships under the provisions of the Act and the SEBI Regulations.
- iv. The Independent Director shall submit a declaration in the beginning of every financial year under section 149 (7) of the Companies Act, 2013 during his tenure confirming whether they meet the criteria of independence.
- v. In addition to serving as Director of the Company, the Independent Director may also be appointed as a member of one or more of the existing Board Committees from time to time, as the Board may decide. Any such appointment shall be promptly communicated to them, and the Company shall provide appropriate Board Committee charters which set out the functions of that Board Committee.
- vi. The re-appointment at the end of the Term shall be based on the recommendation of the committee of the Board thereof and subject to the approval of the Board and the shareholders of the Company. The re-appointment shall be considered by the Committee and / or the Board based on the outcome of the performance evaluation process and him continuing to meet the independence criteria in accordance with the provisions of the Act and SEBI Regulations, as applicable.
- vii. The Independent Director shall not be an employee of the Company, and the appointment letter shall not constitute a contract of employment.

2. TIME COMMITMENT & EXPECTATION FROM THE BOARD

- i. As an Independent Director on the Board, he/she is expected to bring objectivity and independence of view to the Board's discussion, contribute to the decision-making process and to help provide the Board with his expertise on matters of strategy, performance, risk management, and corporate governance.
- ii. He/she should participate constructively and actively in the Board meetings, Committees meetings in which he is a chairperson or a member and shall also strive to attend the General Meetings of the Members of the Company.
- iii. He/she should allocate sufficient time to meet the expectations from him by the Board, and to discharge the roles and responsibilities to the satisfaction of the Board.

3. ROLES, RESPONSIBILITIES AND DUTIES

The roles, responsibilities and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the SEBI Regulations. There are certain duties prescribed for all Directors, both Executive and Non- Executive, which are fiduciary in nature and are as under:

- i. He/she shall act in accordance with the Company's Articles of Association.
- ii. He/she shall act in the best interests of the Company and its stakeholders, exercising his/her independent judgment and providing objective and impartial advice.
- iii. He/she shall ensure the maintenance of high standards and best practices when it comes to financial probity and corporate governance.
- iv. He/she shall keep himself well informed about the Company and the external environment in which the Company operates and shall not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board.
- v. He/she shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the best interest of the Company.
- vi. He/she shall report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.
- vii. He/she shall comply with all applicable laws, regulations, and company policies, including the Code of Conduct for Directors.
- viii. He/she shall satisfy himself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- ix. He/she shall moderate and arbitrate in the interest of the Company as a whole, in situations of conflicts between Management and Shareholder's interest.

- x. While acting within his/her authority, assist in protecting the legitimate interests of the Company, its shareholders, and employees.
- xi. He/she shall not involve himself/herself in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- xii. He/she shall not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners or associates.
- xiii. He/she shall not assign his/her office as Director and any assignments so made shall be void ab initio.
- xiv. He/she is required to abide by the fiduciary and other obligations including, inter alia: (i) the provisions of Section 166 of the Act and the SEBI Regulations (as applicable); and (ii) the provisions of Schedule IV to the Act (Code for Independent Directors), including duties therefrom as specified
- xv. He/she shall undertake the aforementioned duties and responsibilities in accordance with applicable law, with all due care, skill and diligence and comply with all lawful orders and instructions given by the Company and/ or the Board in this regard. He/she shall also observe and comply with applicable provisions of the Company's codes and policies.
- xvi. The roles, responsibilities and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the SEBI Regulations. There are certain duties prescribed for all Directors, both Executive and Non- Executive, which are fiduciary in nature and are as under:

4. REMUNERATION, FEES, COMMISSION & REIMBURSEMENT OF EXPENSES

- i. Subject to applicable provisions of the Companies Act, 2013, SEBI Regulations and the Articles of Association of the Company and in accordance with the criteria, as approved by the Board of Directors, he/she shall, in his/her capacity as a Director be entitled to remuneration as per their respective appointment letters.
- ii. The Remuneration shall be payable quarterly and could be split into fixed remuneration, sitting fees etc. in future.
- iii. The payment of the Remuneration shall be remitted by the Company to an account designated by him/her and shall be subject to deduction of tax (including, but not limited to, tax deducted at source, in accordance with the provisions of the Income Tax Act, 1961) and any other statutory deductions required to be made under any law for the time being in force.
- iv. In addition to the Remuneration set out above, he/she shall, during the Term, be reimbursed by the Company, at actuals, for reasonable out-of-pocket travel, accommodation and incidental expenses incurred by him/her while discharging his/her role and duties, as per the Company's policies.

- v. The Company shall make payments within 05 working days from the end of each quarter in accordance with the terms of this clause.

5. CONFIDENTIALITY

- i. Upon accepting this appointment, he/she shall be expected to apply highest standards of confidentiality and not disclose to any person or Company (whether during the course of appointment or at any time thereafter its termination) any confidential information concerning the Company, its subsidiaries and any of its associates/ group companies with which come into knowledge of by virtue of his position an Independent Director of the Company.
- ii. Attention is drawn to the statutory obligations concerning the handling and disclosure of **“Unpublished Price Sensitive Information,”** as may be applicable under prevailing laws and regulations. He/she is required to strictly adhere to the Company’s Code of Conduct and the Policy on Prohibition of Insider Trading. No disclosure or communication that may result in a potential breach of these obligations shall be made without prior approval from the Company and must be in full compliance with applicable legal requirements. Additionally, he/she must refrain from making any statements or engaging in any transactions that may contravene the afore mentioned policies or result in a violation of insider trading regulations.
- iii. On termination of appointment, the Independent Director should deliver to the Company, all books, documents, papers and other property of or relating to the business of the Company which are in his possession, custody or power by virtue of his/her position as an independent Director of the Company.
- iv. **Confidential Information** shall mean information or material of the Company (and/or its affiliates, subsidiaries, collectively, the **“Group”**) or third parties which is not generally available to or used by others, or the utility or value of which is not generally known or recognized, whether or not such information or materials are in the public domain, including but not limited to:
 - a. Any and all information communicated to him in his capacity as a Director which is not in the public domain (including information belonging to third parties);
 - b. Proprietary information or material relating to the Group and its business as conducted or anticipated to be conducted, including information relating to business affairs and plans, future strategy, trade secrets, research, operations, information relating to the business affairs of the Group with its customers, clients, vendors, consultants and/or service providers, whether past, current, or anticipated;
 - c. Any confidential information of the Group’s customers, potential investees, clients, vendors, consultants and/or service providers;
 - d. Information or material relating to the Group’s improvements, discoveries, know-how, technological developments, or unpublished writings or other works of authorship, or to the materials, processes, plans, or methods used in the development or marketing of the Group’s technology, products or services; and
 - e. Information or material one should reasonably know is confidential or may be reasonably construed as being confidential in nature.

6. CONFLICT OF INTEREST & DISCLOSURE

- i. The Company acknowledges that being an Independent Director of the Company, He/She may have a business interest other than that of the Company. The Independent Director will be required to disclose other directorships, appointments, interests etc. to the Board in writing in the prescribed format and keep the Board informed about changes, if any, immediately after the change is made effective.
- ii. As an Independent Director, he/she is required to disclose to the Board of Directors appointment, removal, or cessation as directors in other companies along with the disclosure on his/her committee membership in other companies.
- iii. In case he/she ceases to be an Independent Director in terms of the Act and the SEBI Regulations (as applicable), or in case of any change in the circumstances which may affect his status as an independent director as envisaged in Section 149(6) or Section 150 of the Act, he/she should inform the Company immediately so that the Company can ensure compliance with the applicable laws.
- iv. The Independent Director upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Board immediately so that the Board may take appropriate decisions in this regard to ensure that the Company is compliant with applicable laws.
- v. A material interest of the Independent Director in any transaction or arrangement that the Company has entered into should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record his/her interest appropriately. A general notice that they are interested in any contracts with a particular person, firm or company is acceptable.

7. PERFORMANCE REVIEW PROCESS

As required under the Act and Listing Regulations, performance evaluation shall be done by the entire Board of Directors annually, which shall include performance of the Directors excluding them and fulfilment of independence criteria as specified in the Act and the Listing Regulations.

8. INSURANCE

The Company provides Directors & Officer (D&O) liability insurance which covers all its directors and officers. The D&O liability insurance will be extended to cover Independent Director throughout the Term of Directorship.

9. TRAINING AND DEVELOPMENT

The Independent Directors are encouraged to undergo training programs to enhance their knowledge and skills related to their role as an Independent Director. The Company shall provide him/her with suitable training to familiarize them with the Company, his/her roles, duties and responsibilities in the Company, nature of Industry in which the company operates, business model of the Company etc. The Company will, from time to time, keep them updated about new developments in respect of the industries in which operate through Board deliberations including the presentations covering various segments and businesses undertaken by the Company.

10. REPRESENTATION & WARRANTIES

You represent and warrant that as on the date of this Letter:

- a) you have a valid director's identification number as prescribed under applicable law;
- b) you are registered on the databank of independent directors;
- c) and you are not disqualified from being appointed as a director on the Board of the Company under the Act.

11. RESIGNATION & TERMINATION

Independent Director are entitled to resign from the position at any time. Upon resignation, he/she shall serve a written notice to the Board with reasonable prior notice (with detailed reasons) of at least 3 (three) months and a confirmation that there are no such material reasons other than those provided in the notice. His/her appointment may also be terminated in accordance with the provisions of the Company's Articles of Association and the Act.

- i. His/her appointment will cease immediately in case he/she incurs any disqualification under Section 164 of the Act or if his/her office is vacated by virtue of Section 167 of the Act, or any other applicable law. In such an event, he/she agrees to immediately notify the Company of the disqualification / reason for vacation of office and he/she shall cease to be a director of the Company with effect from the date of such disqualification or reason for vacation of office.
- ii. Upon cessation of his/her engagement with the Company:
 - a. He/she shall cease to hold the position of the non-executive independent director of the Company;
 - b. Subject to applicable law, the Company shall make all payments due to him/her, including all applicable statutory and contractual payments (including outstanding reimbursements), and such payments (less any set-off against the remuneration payable to him/her) shall be deemed to be a discharge of all liabilities and obligations of the Company towards him/her and he/she shall not be entitled to claim any further amounts from the Company;
 - c. The Company and he/she shall make all requisite filings with the concerned regulatory authorities in connection with the same within the prescribed time periods; and
 - d. He/she shall deliver all papers, documents and other property of the Company, its subsidiaries or affiliates as may be in his/her possession, custody, control or power, including but not limited to any phones, computers, vehicles, credit cards, etc. provided by the Company, to the person identified by the Company.
