

HI-TECH GEARS LIMITED

SET OF REGULATIONS FOR INDEPENDENT DIRECTORS

I. CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

Pursuant to the applicable provisions of Companies Act, 2013, Rules made thereunder & Listing Regulations, the Company adopt Code of Conduct for Independent Directors.

The Independent Directors must not only comply with applicable laws, but should work in most diligent manner. Independent Directors shall realize their Roles & Duties towards the Company, Board & all Stakeholders. Their responsibilities and role to include helping to create and maintain high ethical standards and commitment.

This Code of Conduct shall be called 'Code of Conduct for Independent Directors' ('Code') and applicable to all Independent Directors.

This Code shall come into force with effect from 7th August, 2014.

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) scrutinise 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. 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 behaviour, 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.

II. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

1. Preamble:

Pursuant to the applicable provisions of the Listing Regulations and Companies Act, 2013 with regard to Independent Directors, the Company provides the familiarisation programme for Independent Directors.

Accordingly, the Company shall familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

2. Administration:

The Familiarisation programme for Independent Directors will be administered and monitored by Nomination and Remuneration Committee.

3. Familiarisation module for Independent Directors:

The module will be on the following lines and will be restructured as and when necessary.

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| Objective | The Company will follow a structured orientation programme for the Independent Directors to understand and get updated on the business and operations of the Company on a continuous basis. | |
| Orientation module for new and existing directors | Overview of business, operations and business model of the Company | CEO to organize |
| | Financial Performance, Budgeting and Planning. | Functional Head to Organize |
| | Overview of business of Subsidiaries. | |
| | Familiarisation on Statutory compliances including their roles, rights and responsibilities in the Company as a Board Member. | |
| | Other Activities, as may be required to update Independent Directors. | As may be announced from time to time |

4. Programme and disclosure:

- a) Familiarisation programme will be conducted “as needed” basis during the year.
- b) As and when familiarisation programme is conducted, the same to be disclosed on the website of the Company, if needed.

5. Review of the Programme:

- a) Independent Directors to devote sufficient time and attention to the training programme for his informed and balance decision-making.
- b) Experts and consultants, will be called to assist in formal familiarisation programme, if required.
- c) The Board will review this programme and make revisions as may be required in consultation with Nomination and Remuneration Committee.

III. Terms and Conditions of Appointment of Independent Directors

Pursuant to the applicable provisions of the Listing Regulations and Companies Act, 2013 with regard to Independent Directors, the Company hereby makes the Terms & Conditions ('T&C') of the appointment of Independent Directors.

For easy understanding the same are incorporated in the following sample appointment letter:

To,
(Name of Director)
(Insert Address)

Date: _____

Sub: Appointment as an Independent Director of Hi-Tech Gears Limited (the "Company")

Dear [Name of ID],

I am pleased to inform you that the Board of Directors ('the Board') of the Company has approved your appointment as an Independent Director of the Company. The same has been ratified/ to be ratified by the shareholders in their subsequent General Meeting.

This letter sets out the terms & conditions of your appointment / re-appointment as required under the Companies Act, 2013 & Rules made thereof.

1. Appointment

In accordance with the provisions of the Companies Act, 2013, rules made thereunder, listing regulations and other applicable laws, you will serve as an Independent Director of the Board to hold office for 5 consecutive years. Further, this tenure is subject to your meeting the criteria for being an Independent Director and not being disqualified to be a Director under the applicable regulations & also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the listing regulations.

You will be eligible for re-appointment for another term as per the applicable regulations, subject to your fulfilling the criteria for being an Independent Director and not being disqualified to be a Director. Further, the re-appointment shall be on the basis of report of your performance evaluation by the Board of Directors. The re-appointment would require Special resolution of shareholders and any other necessary approvals. Further, the Company is at liberty to disengage Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

2. Appointment in Board Committees

During the tenure as Independent Director you may be requested to serve on one or more Committees of the Board. Your appointment on such Committee(s) will be subject to the applicable regulations.

3. Fees/ Remuneration

You will be entitled to sitting fee for attending the meetings of the Board or Committee thereof.

You will also be entitled to the reimbursement of expenses incurred by you for attending the Board Meeting. The expenses reimbursed shall be on the basis of actual expenses incurred, if any. Commission may be paid subject to the provisions of Companies Act & rules made thereunder, as approved by the Nomination & Remuneration Committee, Board of Directors and Shareholders.

Apart from receiving director's remuneration (i.e. sitting fee, commission and reimbursement of expenses, etc.), you shall not have any pecuniary relationships or transactions with the Company, its holding, subsidiaries or associate companies or their promoters or directors or the senior management of the Company during your tenure of appointment.

The remuneration, as stated above shall be subject to TDS, as per applicable rates.

4. Confidentiality

The Director must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination) any confidential information concerning the Company and any Group Companies with which the Director comes into contact by virtue of his/her position as an Independent Director of the Company.

The attention is drawn to the requirements under the applicable laws as to the disclosure of price-sensitive information. Consequently he/she should avoid making any statements that might risk a breach of these requirements without prior clearance from the other Members of the Board of Directors of the Company. On termination of Appointment the Director will deliver to the Company all books, document, papers and other property of or relating to the business of the Company which are in his/her possession, custody or power by virtue of his/ her position as an Independent Director of the Company.

5. Role, Duties, Liabilities & Responsibilities

Your role and duties will be those normally required of an Independent Director under the Companies Act, 2013 and the Listing Regulations. There are certain additional duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature.

The duties and liabilities that came with your appointment would be as per the applicable laws, Company policies and the Articles of Association of the Company. The laws that currently govern the duties and liabilities of an Independent Director are the Companies Act, 2013 (including Rules thereunder) and the Listing Regulations, some of which are specifically outlined below. You will follow the 'Code of Conduct for Independent Directors' as per Schedule IV of the Companies Act, 2013, & 'Code of Ethics and Business Conduct' as formulated by Hi-Tech Gears Limited. You are required to make disclosure of your interest as per the requirements of Section 184 of the Companies Act. 2013.

As an Independent Director, you shall have the same general legal responsibilities to the Company as that of any other director. You are expected to provide your expertise in the functioning of the Board and the Committees of the Board you may be nominated. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

6. Familiarization Programme

The Company will conduct suitable Familiarization Programme from time to time for Independent Directors to familiarize them with the Company, their role, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company etc.

Your participation in such Programmes are required and appreciated.

7. Memberships of other Boards

An Independent Director can hold such number of other directorship or committee membership as are permitted under the Companies Act and the Listing Regulations.

8. Performance Evaluation

Performance evaluation of Independent Director shall be done by the entire Board of Directors, excluding the director being evaluated and 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.

9. Prohibition on Insider Trading

Directors are prohibited from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell/gift) from the Chairman & Managing Director of the Company and the Compliance Officer. You are required to comply with the applicable insider trading laws and regulations and the code of conduct, as adopted by the Company.

10. Time Commitment

Considering the nature of the role of an Independent Director, it is difficult for a company to lay down specific parameters on time commitment but the Company anticipates a commitment of sufficient time and attention as necessary in order to perform the duties of an Independent Director. This includes attendance at regular and emergency Board meetings, Committee Meetings, separate meeting of Independent Directors of the Company and any Annual/Extraordinary General Meeting. In addition, appropriate preparation time is required to be devoted ahead of each meeting.

11. Provisions for Directors and Officers (D and O) Insurance, if any:

You will also, if required covered under the Directors and Officers Liability Insurance Policy obtained/ to be obtained by the Company from time to time.

12. Inspection

This letter shall be open for inspection at the Registered Office of the Company by any member during normal business hours. Further, the terms and conditions of this appointment shall also be posted on the Company's website. If applicable, a copy of this letter shall also be forwarded to the Stock Exchanges, if required and mandated.

13. Conflict of Interest

Independent Directors should be scrupulous in avoiding 'conflicts of interest' with the company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the board of directors or any committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

14. Related Party Transactions

Independent Directors should not indulge in Related Party Transactions. If need to be done, then has to be done in compliance to the relevant provisions of Companies Act, 2013, Rules made thereunder and Listing Regulations.

15. Independence

The Board of Directors of the Company inter alia has given due consideration to your declaration of being qualified as 'independent' in accordance with the provisions of Companies Act, 2013 and the Listing Regulations. You are expected to continue to be qualified as 'independent' during your tenure and provide periodic declaration to the effect as required by regulations. You will be identified as 'Independent Director in the annual report and other documents and publications of the Company. If circumstances change and you believe it may not be possible for you to retain your independence you should discuss this with the Chairman as soon as practicable.

16. General

All the terms as mentioned above including your appointment, remuneration, professional conduct, role and functions, duties and evaluation shall be governed by the Companies Act, 2013 and Rules made thereunder and Corporate Governance requirements under the Listing Regulations, as amended from time to time. 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 subject to the exclusive jurisdiction of the Courts of India in Delhi.

Signature

Incorporated on: 6th August, 2014

Effective from: 7th August, 2014