



HERCULES HOISTS LIMITED

TERMS AND CONDITION OF APPOINTMENT OF INDEPENDENT DIRECTOR

The terms and conditions of the Appointment, which in any event shall be subject to Companies Act, 2013, Rules made thereunder and the Articles of Association of the Company are set out below, as stipulated in Schedule IV to the said Act.

Appointment

1. The Appointment is for a term of five consecutive years. The Appointment will be subject to the approval of shareholders at the Annual General Meeting of the Company.
2. During tenure as an Independent Director, the Independent Director may be asked to serve on one or more of the Board committees. Copies of the terms of reference for each of those committees would be provided to him at the appropriate time, if not already provided for.
3. The Independent Director will strictly abide by the Code for Independent Directors referred to above.
4. The Company expects a commitment of sufficient time and attention as necessary in order to perform duties under the Appointment. This will include attendance at regular and emergency Board meetings, any annual meeting of Independent Directors and the Annual General Meeting. The Independent Director may also be required to attend regular meetings of any Board committee of which he is a member. In addition, Independent Director will be expected to devote appropriate preparation time ahead of each meeting.
5. By accepting the Appointment, Independent Director confirms that he is able to allocate sufficient time to perform his role.

Role & Duties

6. As a Non-Executive Independent Director, he have the same general legal responsibilities to the Company as any other Director, except that he shall be held liable only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through board processes and with his consent or connivance or where he had not acted diligently.
7. Independent Director will adhere to the following duties of directors, which are more specifically stipulated in Section 166 of the Companies Act, 2013, as under –
 - a) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
 - b) A director of a company 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
 - c) A director of a company shall exercise his duties with due and reasonable care, skill and

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diligence and shall exercise independent judgment.

- d) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- e) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- f) A director of a company shall not assign his office and any assignment so made shall be void.

Fees

- 8. Unless decided otherwise, Independent Director will be paid a sitting fee per meeting of the Board and committee thereof attended as a member for services as a Non-Executive Independent Director as decided by Board of Director from time to time.
- 9. The Independent Director will have no entitlement to participate in any share scheme and no stock options will be issued to him by the Company.

Reimbursement of Expenses

- 10. In addition to the fee described in 8 above, the Company will reimburse for all reasonable and properly documented expenses incur in performing his role. He may submit any details of expenses incurred to the Company Secretary.
- 11. During the Appointment, circumstances may arise in the furtherance of his duties as a Director when it will be appropriate for him to seek advice from independent advisors at the Company's expense. The Company will reimburse the full cost of expenditure incurred as deemed necessary.

Other directorships and business interests

- 12. The Company acknowledges that Independent Director may have business interests other than those of the Company and that he may have declared any conflicts that are apparent at present. In the event that he become aware of any potential conflicts of interest, not declared so far, these may be disclosed to the Chairman and Company Secretary as soon as they become apparent.
- 13. During the Appointment, Independent Director may please inform prior to accepting any other (or further) directorships of publicly quoted companies or any major external appointments, to avoid any conflict of interest with his current position in the Company.

Code of Conduct & other compliances

- 14. During the Appointment, Independent Director will comply with any relevant regulations as may be issued by the Government of India and such other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors, Insider Trading Code and such other requirements as the Board of Directors may from time to time specify.

15. At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect status as an independent director, he shall give a declaration to that effect confirming that he meet the criteria of independence as provided in Section 149 (6), in the prescribed format.

Confidentiality

16. Independent 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 he come into contact by virtue of his position as a Non-Executive Independent Director of the Company.
17. Independent Director's attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently he should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

Performance Review Process

18. The performance of individual Directors and the whole Board and its Committees shall be evaluated by the Remuneration & Nomination Committee. If, in the interim, there are any matters arising in connection with his role as a Non-Executive Independent Director which cause he concern, he may discuss with Chairman as soon as appropriate.

Insurance

19. The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of the Appointment.

Code for Independent Directors

20. As stipulated under the Companies Act, 2013, the appointment of Independent Directors shall be governed by the Schedule IV to the Companies Act, 2013 –

20.1 Guidelines of professional conduct: An independent director shall:

- a. Uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising his duties;
- c. exercise his responsibilities in a *bona fide* manner in the interest of the company;
- d. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. 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;
- f. 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;
- g. refrain from any action that would lead to loss of his independence;
- h. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;

- i. assist the company in implementing the best corporate governance practices.

20.2 Role and functions: The independent directors shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of board and management;
- c. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance; help in bringing an independent judgment to bear on the Board's deliberations especially on issues
- d. satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. 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;
- h. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

20.3 Duties: The independent directors shall—

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b. 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;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. strive to attend the general meetings of the company;
- f. 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;
- g. keep themselves well informed about the company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. 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;
- j. 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;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

- m. 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.

20.4. Manner of appointment:

- a. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- b. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- c. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- d. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - e. the term of appointment;
 - f. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - g. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - h. provision for Directors and Officers (D and O) insurance, if any;
 - i. the Code of Business Ethics that the company expects its directors and employees to follow;
 - j. the list of actions that a director should not do while functioning as such in the company; and
 - k. The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- l. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- m. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

20.5. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

20.6 Resignation or removal:

- a. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- b. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- c. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

20.7 Separate meetings:

- a. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- b. All the independent directors of the company shall strive to be present at such meeting;
- c. The meeting shall:
- d. review the performance of non-independent directors and the Board as a whole;
- e. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- f. 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.

20.8 Evaluation mechanism:

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. 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.