



# ***Galaxy Bearings Limited***

***[CIN: L29120GJ1990PLC014385]***

***TERMS AND CONDITIONS OF  
APPOINTMENT OF INDEPENDENT DIRECTOR***

## **PREFACE:**

In accordance with the provisions of the Companies Act, 2013 (“Act”), the Board of Directors of the Galaxy Bearings Limited (the Company”) has approved the following terms and conditions for appointment of Independent Directors in the Company.

## **MANNER OF APPOINTMENT**

- 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.
- The appointment of Independent Director(s) of the Company shall be approved at the meeting of the shareholders.
- 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.
- The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:
  - (a) the term of appointment;
  - (b) they will not be liable to retire by rotation.
  - (c) 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;
  - (d) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (e) provision for Directors and Officers (D and O) insurance, if any;
  - (f) the Code of Business Ethics that the Company expects its Directors and Employees to follow;
  - (g) the list of actions that a director should not do while functioning as such in the Company; and
  - (h) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- 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.
- The terms and conditions of appointment of Independent Directors shall also be posted on the Company's website.

#### **RE - APPOINTMENT:**

The re-appointment of Independent Director shall be on the basis of report of performance evaluation conducted by the Nomination and Remuneration Committee of the Board and the Board itself.

#### **SEPARATE MEETINGS**

- 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;
- All the Independent Directors of the Company shall strive to be present at such meeting;
- The meeting shall:
  - (a) review the performance of Non - Independent Directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
  - (c) 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.

#### **CODE OF CONDUCT:**

This Code is a professional conduct guideline for Independent Directors on the Board of Directors of the Galaxy Bearings Limited ("the Company"). Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of various stake holders including the investment community, particularly minority shareholders and regulators.

Implementation of best Corporate Governance practices by Independent Directors enhances the Company's governance and management efficiency; improves its image and contributes to the overall growth of the Company's shareholders value.

This Code is for specific use of the Company and its Independent Directors.

This Code takes into account the Principles of Corporate Governance and other Corporate Governance practices. The Code takes into account the specific legal compliance for the Independent Directors of Companies, as per the Act and also applicable laws and rules.

This Code is a live document intended to be improved and amended based on best practices and evolving practices on Independent Directors in due course.

Subject to the requirements of applicable laws, compliance with this Code is compulsory for all Independent Directors on the Board of Directors of the Company.

#### **DEFINITIONS & INTERPRETATIONS:**

***“Board of Directors”*** or ***“the Board”*** means the Board of Directors of ***Galaxy Bearings Limited***, as constituted from time to time.

***“The Company”*** wherever occur in the policy shall mean ***Galaxy Bearings Limited***.

***“The Chairman”*** means Chairman of the Board Meeting elected by the Board.

***“Compliance Officer”*** shall mean and include Company Secretary / Senior Member viz. Manager (Secretarial)/Deputy Manager (Secretarial) or such other person as may be decided by the Board.

***“Director”*** includes Executive and Non-Executive Directors and also includes the Institutional Directors/ Nominee Directors whether the institution is an investing institution or lending institution on the Board of Directors of the Company who are not in whole time employment of the Company.

In this ***“Code”*** words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa.

## **GUIDELINES OF PROFESSIONAL CONDUCT:**

An Independent Director shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his duties;
- exercise his responsibilities in a bonafide manner in the interest of the Company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 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;
- 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;
- refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- assist the Company in implementing the best Corporate Governance practice;

## **ROLE AND FUNCTIONS:**

The Independent Directors shall:

- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;

- balance the conflicting interest of the stakeholders;
- 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;
- Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

**DUTIES:**

The Independent Directors shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the Company;
- 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;
- keep themselves well informed about the Company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- 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;
- 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;

- report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- 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.

#### **EVALUATION MECHANISM**

- The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.
- 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.

#### **DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS:**

- Independent Directors are required to disclose to the Company –
  - a. interests and any matters which affect their independence (excluding those matters which may be subject to legal professional privilege).
  - b. any change in Directorships
  - c. any potential conflict of interest with the position as Independent Director of the Company
  - d. Confirmation at the time of appointment, they do not have any conflict of interest with their existing Directorships, if any.
- During their term, they agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 upon any change in circumstances which may affect their status as an Independent Director.

#### **CHANGES OF PERSONAL DETAILS:**

- During the term, they shall promptly intimate the Company in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

#### **FEES / REMUNERATION:**

- As Independent Directors, they shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are Members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

- In addition to the sitting fees, commission as may be determined by the Board may also be payable to them. In determining the amount of this commission, the Board supported by the Nomination and Remuneration Committee may consider the performance of the Company and their performance as evaluated by the Board. Further, the Company may pay or reimburse to the Directors such expenditure, as may have been incurred by them while performing their role as Independent Directors of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out-of-pocket expenses for attending Board/Committee meetings, General Meetings, court convened meetings, meetings with shareholders/creditors/management, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

### **RESIGNATION OR REMOVAL**

- 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.
- 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 180 (one hundred and eighty days) from the date of such resignation or removal, as the case may be.
- 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.
- The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the the Act) upon:
  1. Violation of any provision of the Code of Conduct as applicable to NEDs,
  2. Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the the Act or the Listing Regulations

### **AMENDMENTS IN LAW:**

Any subsequent amendment/modification in the Listing Agreement and/or other applicable Laws in this regard shall automatically apply to this policy.

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