

**POLICY ON THE CRITERIA FOR
APPOINTMENT OF PERSON AS
DIRECTOR**

POLICY ON THE CRITERIA FOR APPOINTMENT OF PERSON AS DIRECTOR

The criteria for appointment of a person as a Director on the Board of Directors of the Company are given below:

1. Appointment of Directors:

The Company shall appoint only those persons who possess formal qualification, relevant experience, proven track record, integrity etc.:

- 2. Qualifications:** Any person to be appointed as a Director on the Board of Director of the Company, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.

Further, any Director who is proposed to be appointed as a member of the Audit Committee shall possess the following additional qualifications:

♣ He/she should be financially literate, which means he/she possess the ability to read and understand basic financial statements i.e. Balance Sheet, Profit and Loss Account and Cash Flow Statement.

♣ He/she should have accounting or related financial management expertise. A person will be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting or requisite professional certification in accounting, or any other comparable experience or background which results in the financial sophistication.

♣ He /she is or has been chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

3. Experience:

Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment.

- 4. Positive attributes:** The person to be appointed as a Director of the Company shall not only possess the relevant formal qualifications and experience but shall also possess attributes like integrity and proven track record and shall demonstrate commitment to the organization.



POLICY ON THE CRITERIA FOR APPOINTMENT OF PERSON AS DIRECTOR

For assessing integrity and suitability features like criminal records, financial position, and civil actions initiated to pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators or similar bodies, previous questionable business practices etc. shall be considered.

Any person to be appointed as Director shall not possess the disqualifications contained in Section 164 (1) of the Companies Act, 2013 viz.:

- ♣ He/she shall not be less than 21 years of age.
- ♣ He/she shall not be of unsound mind nor stand so declared by a competent court.
- ♣ He/she shall not be an undischarged insolvent.
- ♣ He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
- ♣ He/she has not been convicted of an offense, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

The Committee is requested to consider and recommend the same to the Board for approval.



RELATED PARTY TRANSACTION POLICY & PROCEDURE

Related Party Transaction Policy & Procedure Quicklinks:

I. INTRODUCTION	2
II. DEFINITIONS	2
III. PROCEDURES	3
IV. PRE-APPROVED TRANSACTIONS.....	5
V. DISCLOSURE	5

RELATED PARTY TRANSACTION POLICY & PROCEDURE

I. INTRODUCTION

Bharat Fritz Werner Limited (the "Company" or "BFW") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests. Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

II. DEFINITIONS

For the purposes of this policy, the following definitions apply:

"Immediate Family Member" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of any director, nominee for director or executive officer of BFW, and any person (other than a tenant or employee) sharing the household of any director, executive officer or nominee for director of BFW.

"Related Party" means any :

- (i) director, nominee for director or executive officer of BFW;
- (ii) beneficial owner (other than a financial or investment institution) of more than 5% of BFW's voting securities;
- (iii) immediate Family Member of a director, executive officer, nominee for director or beneficial owner of more than 5% of BFW's voting securities;
- (iv) an entity which is owned or controlled by someone who falls within the categories listed above in (i), (ii) or (iii); or
- (v) an entity in which someone listed above in (i), (ii) or (iii) has a substantial ownership interest or control.

"Related Party Transaction" means any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships (including any transaction requiring disclosure under the Act) in which BFW or any BFW subsidiary was, is or is proposed

RELATED PARTY TRANSACTION POLICY & PROCEDURE

to be a participant and in which a Related Party has, had or may have a direct or indirect material interest.

III. PROCEDURES

Prior to the entry into any potential Related Party Transaction, such transaction will be reported to BFW's General Counsel. Any potential Related Party Transaction that is brought to BFW's attention is analyzed by BFW's General Counsel, in consultation with management and with outside counsel, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Once identified by BFW's General Counsel, all Related Party Transactions shall be reported promptly to the Audit Committee by BFW's General Counsel, or in the event that the General Counsel has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by BFW's Chief Financial Officer.

The Audit Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions. The Audit Committee will determine whether to refer the Related Party Transaction to the Board of Directors for consideration or whether such transaction shall be deemed pre-approved as described below in "Pre-Approved Transactions."

Upon determination, the Audit Committee will refer all Related Party Transactions requiring approval pursuant to this policy to the Board of Directors. All new Related Party Transactions (including the terms of the transaction and the business purpose of the transaction) must be either approved or disapproved by the Board of Directors; any pre-existing Related Party Transactions, if not previously reviewed, must be either ratified or rescinded by the Board of Directors. In assessing a Related Party Transaction, the Board of Directors shall consider such factors as it deems appropriate: including without limitation (i) the business reasons for BFW to enter into the Related Party Transaction; (ii) the commercial reasonableness of the terms of the Related Party Transaction; (iii) the materiality of the Related Party Transaction to BFW; (iv) whether

RELATED PARTY TRANSACTION POLICY & PROCEDURE

the terms of the Related Party Transaction are fair to BFW and on the same basis as would apply if the transaction did not involve a Related Party; (v) the extent of the Related Party's interest in the Related Party Transaction; (vi) if applicable, the impact of the Related Party Transaction on a non-employee director's independence; and (vii) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

In the event that BFW's General Counsel becomes aware of a Related Party Transaction that was not previously approved or ratified under this policy, the General Counsel will promptly notify the Board of Directors and the Board of Directors will consider whether the Related Party Transaction should be ratified or rescinded or other action should be taken.

A Related Party Transaction may be approved (i) by the vote of a majority of the directors that are not Related Parties at a meeting of the Board of Directors or (ii) by unanimous approval of a Unanimous Written Consent, provided that a majority of the directors are not Related Parties and that the Transaction in question has previously been discussed at a meeting of the Board of Directors. Other than by providing written consent, no director who is a Related Party shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Board of Directors and may otherwise participate in some or all of the Board of Directors' discussions if so requested by the Board of Directors.

If a Related Party Transaction will be ongoing, the Board of Directors may, in its discretion, establish guidelines for BFW's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board of Directors shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Board of Directors' guidelines.

RELATED PARTY TRANSACTION POLICY & PROCEDURE

IV. PRE-APPROVED TRANSACTIONS

The following types of transactions will be deemed to be pre-approved by the Board of Directors ("Pre-Approved Transactions"), will not be reviewed by the Board of Directors and do not require approval or ratification:

- Transactions in the ordinary course of business that do not exceed \$120,000 in any fiscal year;
- Executive officer and director compensation arrangements approved by the Compensation Committee of the Board of Directors;
- Transactions in which the Related Party's interest is derived solely from the fact that he or she serves as director of another corporation or organization that is a party to the transaction;
- Transactions in which the Related Party's interest is derived solely from his or her direct or indirect ownership of an entity (other than a general partnership) that is a party to the transaction when such ownership interest is less than ten percent (10%) of the equity interest of such entity; and
- Transactions available to all employees generally.

V. DISCLOSURE

All Related Party Transactions that are not exempt pursuant to the section entitled "Pre-Approved Transactions" shall be disclosed in BFW's applicable filings, if required, pursuant to the Act.

A. K. Kothari