



OMAX AUTOS LIMITED

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Date: 20th October, 2014

To,
Dr. Triloki Nath Kapoor
(DIN: 00017692)
1372, Pocket B & C,
Sector A, Vasant Kunj,
New Delhi – 110070

Respected Sir,

Sub: Your appointment as an Independent Director in the Company under the Companies Act, 2013

We are pleased to inform you that at the 31st Annual General Meeting of the Company held on 24th September, 2014, the shareholders of the Company have, vide a Special Resolution, approved your appointment as an Independent Director of the Company to hold office for three consecutive years from 1st October, 2014 upto 30th September, 2017.

This letter sets out the terms of your appointment/re-appointment as an Independent Director. The terms of your appointment, as set out in this letter, are subject to the applicable provisions of the Companies Act, 2013 ("the Act"), the listing agreements entered with Stock Exchanges ("Listing Agreement") and the Articles of Association of the Company ("AOA"). Please note that this is a contract of service & not contract for employment.

1. Appointment

- (i) Your appointment will be for an initial term of three years effective from 1st October, 2014, unless ceased or terminated earlier, or extended, subject to the shareholder approval at the ensuing Annual General Meeting of the company and provisions of this letter or applicable laws.
- (ii) Re-appointment, if any, at the end of the term/tenure shall be based on the recommendations of the Nomination and Remuneration Committee and subject to the approval of the Board of Directors ("Board") based on the outcome of the performance evaluation process and your continuance to meet the independence criteria for being an Independent Director and not being disqualified to be a Director.



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(iii) The Re-appointment will be subject to Special Resolution of shareholders and any other necessary approvals; further the Company is at liberty to disengage you earlier subject to compliance of relevant provisions of the Act.

(iv) As an Independent Director, you will not be liable to retire by rotation.

2. Committees

(i) The Board, if it deems fit, may require you to be appointed as a member of one or more committee(s)/sub-committee(s) of the Board. Your appointment on such committee(s)/sub-committees will be subject to the provisions of the Act, Listing Agreement and any other applicable laws for the time being in force.

(ii) The Board may reconstitute the composition of any/all committees, from time to time, and any such change shall be communicated to you. In such an event you may be required to serve on other committees of the Board.

(iii) Currently, you are Chairman/member of following committees/sub-committees of the Board. Unless otherwise decided by the Board, you will continue to be the Chairman/member of these committees.

Sl. No.	Name of the Committee(s)	Chairman/Member
1.	Stakeholders Relationship Committee	Chairman
2.	Executive Committee	Chairman
3.	Audit Committee	Member
4.	CSR Committee	Member
5.	Nomination and Remuneration Committee	Member

3. Familiarization program

The company will provide suitable training to independent directors to familiarize them 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.

4. Role, function, duties and responsibilities

A. Your role and duties will be those normally required of a (Non-Executive) Independent Director under the Act and the Listing Agreement. You are required to adhere to the requirements with respect to your professional conduct, role, functions and duties as prescribed under Code for Independent Directors in Schedule IV of the Act. In addition, there are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are to be exercised by all directors. Accordingly you are required to abide by the followings:



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- (i) You 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 interest of the Company.
 - (ii) You will be responsible for providing guidance in the area of your expertise in functioning and management of the Company.
 - (iii) You shall be responsible for overseeing the ethical conduct of business and maintenance of high standards values of the Company.
 - (iv) You shall discharge your duties with due and reasonable care, skill and diligence
 - (v) You shall act in accordance with the requirements under the Act; the Listing Agreement, particularly under "Responsibilities of the Board" as outlined in the Corporate Governance section under Clause 49 and AOA.
 - (vi) You shall not engage or involve yourself in any activity having, or which may have, any conflicting interest, direct or indirect, with the Company.
 - (vii) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates while exercising your official duties assigned to you by the Company.
- B. In addition to the above, your role as an (Non-Executive) Independent Director shall inter alia include:
- (i) constructively participation (and where necessary, challenging/opposing) in any business proposal, strategy or decision;
 - (ii) independent scrutinization of the performance of management in meeting goals and objectives of the Company;
 - (iii) satisfying yourself on the integrity of any financial information and procedure and ensuring financial controls and systems of risk management are commensurate with the business of the Company;
 - (iv) critical examination whether the processes for accurate reporting of financial performance and position is strictly adhered by the Company; and
 - (v) Governance and compliance with the applicable legislation and regulations under review and the conformity Company practices to accepted norms.
- C. You are expected to:
- (i) take decisions objectively and solely in the interests of the Company;
 - (ii) facilitate Company's adherence to high standards of ethics and corporate behavior;
 - (iii) guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
 - (iv) guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions;



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(v) guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

D. As an Independent Director, along with other independent directors, you are required to adhere to the following provisions of Schedule IV of the Act:

- (1) 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;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) 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; and (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.

5. Time Commitment

Considering the nature of the role of a Director, it is difficult for a Company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

6. Insurance

The Company has taken a Directors' and officers' liability insurance policy and currently such policy is in force. You being a director on the Board of the Company is covered under such policy. A copy of the policy document will be supplied on request.

7. Code of Conduct

As an Independent Director of the Company, you agree to comply with the Code of Conduct of the Company applicable to Board members and Code for Independent Director as per Schedule IV of the Act. A copy of the Code of Conduct of the Company along with the Code for Independent Director as per Schedule IV of the Act is attached for your reference as **Annexure -1**. Notwithstanding the adherence to the Code of Conduct, you must also observe the followings:

- You will always act in the interest of the Company and ensure that any of your other business or personal association, does not create any conflict of interest with the operations of the Company and his/her role therein.



- You will make endeavor to safeguard the confidentiality of all information received by you by virtue of your position as independent director of the Company.
- Unless specifically authorized by the Company, you shall not disclose Company's business information to the general public, particularly to the media, employees, shareholders, agents, franchises, dealers, distributors, exporters, importers etc. Your obligation of confidentiality shall survive termination or cessation of your Directorship with the Company.
- You would also abide by both, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Code of Conduct on prevention of insider trading policy of the Company, prohibiting disclosure or use of unpublished price sensitive information.
- You shall not participate in any business activity which might impede the application of your independent judgment, in best interest of the Company.

8. Remuneration

- (i) This letter does not constitute a contract of employment and you are not an employee of the Company.
- (ii) As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the committees of which you are a member as may be determined by the Board from time to time.
- (iii) You will be entitled to reimbursement of expenses on actual basis incurred by you in connection with attending the Board meetings, Board Committee meetings, General meetings and in relation to the business of the Company.
- (iv) Pursuant to applicable law, you will not be entitled to any stock options in the Company.
- (v) The payment of remuneration shall be subject to applicable tax deduction at source.

9. Performance Appraisal / Evaluation process

As a member of the Board, your performance as well as the performance of the entire Board and its committees shall be evaluated annually. Evaluation of each Director shall be done by all the other Directors. The Criteria for evaluation shall be determined by the Nomination and Remuneration Committee and disclosed in the Company's Annual report.



10. Disclosure

During the term, you agree to promptly notify the Company of any change in your Directorship, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the chairman and the Company secretary. Please confirm that as on date of this letter, you have no such conflict of interest with your existing Directorships.

During your term, you agree to promptly provide a declaration under Section 149(7) of the 2013 act, upon any change in circumstances which may affect your status as an Independent Director.

11. Change of personal details

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

12. Termination

Your Directorship on the Board of the Company shall terminate or cease in accordance with the provisions of the Act. Apart from the grounds of termination as specified in the Act, your Directorship may also be terminated for violation of Code of Conduct of the Company as applicable to Non- Executive Directors.

You may resign from the Directorship of the Company by giving a notice in writing to the Company. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

If at any stage during the term, there is any change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act or you fail to meet the criteria for "Independence" under provisions of Clause 49 of the Listing Agreement, you agree to promptly put your resignation to the Company with effect from the date of such change.

13. Co-operation

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your term/tenure, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonable, requested by the Company or its counsel.



14. Acceptance of Appointment

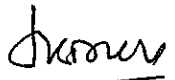
We are very much confident that the Board and the Company will continue to benefit immensely from your experience and expertise and we feel proud to have you on the Board of the Company.

You are requested to please confirm your acceptance by signing and returning the enclosed duplicate copy of this letter.

We thank you for your continued support and commitment to the Company

Yours Sincerely,
For Omax Autos Limited




(JATENDER KUMAR MEHTA)
MANAGING DIRECTOR
DIN: 00028207

Encl.:

1. Copy of Code of Conduct of the Company
2. Code for Independent Directors as set out in Schedule IV of the Act



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Code of Conduct

Ref. No.: CORP HR/POLICY/7.1
Rev. No.: 1st Issue
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1. Introduction

- 1.1 This Code of Conduct, hereinafter referred as "Code" shall be called as "The Code of Conduct for all employees except those who are governed by Standing Orders under appropriate Act, of OMAX AUTOS LIMITED (OAL), hereinafter referred as "the Company".
- 1.2 This code intends to carry forward and further Company's Vision and Values, achieve Mission and Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company and shall be instrumental in protecting the integrity and maintaining minimum discipline and safeguard the general interest of the company.
- 1.3 It shall come into force with effect from 01.01.2009.

2. Objective

The Objective of this Code of Conduct is to ensure that the business of the Company is carried out in accordance with prevailing rules, laws and highest standard of ethics and values and interest of all stakeholders of the Company could be better safeguarded.

This Code of Conduct will be applicable to all cadres of Employees.

The Company intends to achieve the following with the application of this Code of Conduct:

- Promote and ensure honest and ethical conduct including ethical handling of actual or apparent conflicts of interests between personal and professional relationship.
- Promote and ensure full and fair disclosure in reporting process.
- Promote and ensure accountability and transparency in the functioning of this Company.
- Promote and ensure due compliance of all applicable/prevaling laws, rules and regulations.
- Promote and sustain a model of Corporate Governance.

3. Definitions and Interpretations

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them as below:

- 3.1 The term "Staff Members" shall mean all cadres of Employees other than "Board Members" "Senior Management" and "Workers" either permanent or otherwise.
- 3.2 The term "Board/Board of Directors" shall mean the Board of Directors of the Company

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- 3.3 The term "Board Members" shall mean the Members on the Board of Directors of the Company.
- 3.4 The term "Senior Management" shall mean up to and above the level of Assistant General Manager (AGM) of the Company.
- 3.5 The term "Relative" shall mean 'relative' as referred at Annexure – I.
- 3.6 The term "Conflict of Interest" means where the interests or benefits of one person or entity conflict with the interest or benefits of the company.
- 3.7 The term "Public Spokesperson" shall mean such person who has been authorised by the Managing Director for a particular period or task as the case may be.
- 3.8 The term "gift" shall not include flowers & eatables.

4. Applicability

This code shall be applicable to the following persons:

- a) Board Members,
- b) Senior Management and
- c) All Staff Members except those who are covered under Standing Orders Act.

5. Honesty & Ethical Conduct

All Employees shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- i) Shall act with utmost care, skill, diligence and integrity.
- ii) Shall act in utmost good faith and fulfil the fiduciary obligations without allowing their independence of judgment to be compromised.
- iii) Shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his opinion is likely to arise.
- iv) Shall make disclosures to the Board relating to all material financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the company at large.
- v) Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law.
- vi) Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.

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- vii) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members and Senior Management/ Company.
- viii) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
- ix) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
- x) Shall not seek or accept, directly or indirectly any gift from anyone having business dealings with the Company.
- xi) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders.
- xii) All employees shall act in accordance with highest standard of personal and professional integrity, honesty and ethical conduct and conform to all norms, policies and work standards formulated and evolved from time to time by the Management in the best interest of the Company.
- xiii) Shall not take any action thereby amounting to infringement of Copy Right Act by copying, reproducing and so on, any material of any author in an authorised manner.
- xiv) Shall not violate any provision with regard to Trade Related Intellectual Property Rights owned, secured and possessed by the Company.
- xv) Shall not commit any offence involving moral turpitude.

6. Conflicts of Interests

All Employees shall avoid any conflict of interests between themselves and the company. Such conflicts can largely occur in some of the following situations:

- 6.1 He/she takes actions or has interests that may make it difficult to perform his/her duties objectively and effectively.
- 6.2 He/she or any of his/her family members receives improper personal benefits/gains as a result of his/her position in the company.

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- 6.3 Any outside business activity which is a position of pecuniary gains and hinders his/her ability to devote appropriate time and attention to this/her responsibilities towards the company.
He/she receives any gifts/entertainment from any person/organisation with which the company has dealings.
- 6.4 He/she has any consulting or employment relationship with any supplier, customer, business associate or competitor of the company.
- 6.5 He/she interacts with persons/channels of mass media and talks about his official position or the company without having any authorization from appropriate authority of the company.
- 6.6 He/she uses e-channels such as email or website or blogs to pass on any information about the company.
- 6.7 He/she takes part in selection of suppliers/vendors/contractors where he/she or any of his family member or close relations has any interest.
- 6.8 He/she is, in any manner, responsible for recruitment of any of his/her relatives without explicitly disclosing before the selection process that one of the candidates is related to him/her and voluntarily opting out of the selection committee.
- 6.9 He/she uses or shares with others, any such material which may have the direct or indirect implications from the point of view of copyright, without acknowledging the author/source of the material.
- 6.10 He/she indulges in any act which is prejudicial to the security and interests of the company.
- 6.11 He/she indulges in propagation of self-interests or those of his/her family members of any kind during the working hours in the premises of the company.
- 6.12 Any such deliberate action or omission on the part of the staff members which can or is likely to endanger/affect/damage the interest of the company.

If any of the above situations amounting to conflict of interest or similar to it, all staff members shall be duty bound to bring pertinent facts to notice of the Managing Director through Corporate – HR for appropriate action in the matter.

7 Company Disclosure

- 7.1 All Employees to the extent relevant to the area and scope of their responsibilities must familiarize themselves with the disclosure requirements applicable to the company as well as business and financial operations of the company.
- 7.1 All Employees must make disclosure to Corp. HR relating to all material financial and commercial transactions, if any where they have personal interest that may have a potential conflict with the interest of the company at large.
- 7.2 They should not knowingly misrepresent or cause others to misrepresent facts about the company to others within or outside the company including to the company's independent auditors, statutory auditors, government regulators and investors.

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- 7.3 All disclosures which include reports, documents and other papers should be properly screened, reviewed and critically examined for accuracy, fairness and completeness.
- 7.4 All the lines of commands in the company should be kept properly briefed about such disclosures.

8 Misuse of Corporate Opportunities.

All Employees are prohibited from :

- Making personal use of the opportunities of any kind, related to the business of the company.
- Using the company's property, information or position for personal benefit (Other than those provided by the company as a part of remuneration package/perks.
- Competing with the company for business opportunities.

9 Confidentiality

Subject to the Code of Corporate Disclosure Practices as may be prevalent in the Company from time to time any information concerning the Company's business, its customers, suppliers, etc. to which Employees have access or which are in their possession, must be considered confidential and held in confidence. No Employee shall provide any information either formally or informally to the press or any other media or authority, unless specifically authorized. Both the permission and the premise of information shall be subject to the prior authorisation of the Managing Director.

10 Fair Dealing

All Employees shall deal fairly with customers, suppliers and other parties with whom they deal during the course of business. They should not take any unfair and undue advantage through manipulation, concealment, misuse and/or abuse of any confidential information, proprietary or any unfair dealing practice.

11 Protection and Proper Use of Company's Assets

All Employees should protect the company's assets and ensure its efficient use. All assets should be used only for legitimate business purposes, not for any personal use or gain and should not be used in violation of any applicable laws and regulations.



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12 Prevention of Insider Trading

All Employees shall comply with the Code of Internal Procedures and conduct for prevention of Insider Trading in dealing with securities of the Company.

13 Related Party Disclosures

The Board Members and Senior Management shall make disclosure of related party transactions to the Board of Directors in the format provided under Accounting Standard 18 (AS-18) (Appendix II) issued by the Institute of Chartered Accountants of India (ICAI) and/or any modification or re-codification thereof.

14 Annual Compliance Reporting

14.1 In terms of Clause 49 of the Listing Agreement, all Board Members and Senior Management shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the company shall contain a declaration to this effect signed by the Chairman & Managing Director. A Performa of Annual Compliance Report is at Appendix-III. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director/ Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication to Company Secretary affirming compliance of the Code till the date of his association with OAL.

14.2 The Managing Director of the Company and the Executive Director Finance shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

15 Compliance of Appropriate Laws.

All Employees shall comply with all laws, rules and regulations applicable to the company. Transaction directly involving security of the company should not be undertaken without prior clearance from the relevant authority of the company.

16 Enforcement of Code of Conduct

Each Employee shall be accountable for strict compliance with this Code in its letter and spirit.





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17 Compliance of Code of Conduct.

All Employees shall strictly comply with this Code and in the event of any suspect violation is noticed it should be brought to the notice of the Managing Director through Corp. HR.

Violation of all or any part of this Code shall amount to indiscipline. Appropriate action as per Disciplinary Rules defined separately for staff members would be taken.

Violation of this Code would be investigated by a person designated for the purpose by the Managing Director and appropriate action shall be taken accordingly.

18 Amendment to the Code

The provisions of this Code can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein.

19 Acknowledge of receipt of Code of Conduct

All Employees shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Annexure-IV and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this code.

In the event of any clarification, interpretation of any provision of this Code, the Management would deal with the same and the decision of the Managing Director would be binding and final.



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Annexure A

LIST OF RELATIVES

1. Father
2. Mother (including step-mother)
3. Son (including step-son)
4. Son's wife
5. Daughter (including step-daughter)
6. Father's father
7. Father's mother
8. Mother's mother
9. Mother's father
10. Son's son
11. Son's son's wife
12. Son's daughter
13. Son's daughter's husband
14. Daughter's husband
15. Daughter's son
16. Daughter's son's wife
17. Daughter's daughter
18. Daughter's daughter's husband
19. Brother (including step-brother)
20. Brother's wife
21. Sister (including step sister)
22. Sister's husband

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Annexure B

Acts of Indiscipline

1. Wilful disobedience of official instructions, verbal or written, of superior regarding business of the organization.
2. Wilful negligence/disobedience of "Dress Code".
3. Wilful concealment of any official data, which may result in harm/loss in any manner to the company.
4. Negligent handling of duties/responsibilities resulting in disturbance of business of the company or damage to property of the company.
5. Physical assault on any person.
6. Committing theft or pilferage of any kind inside the premises of the company.
7. Violation of any of the security related guidelines, issued by company from time to time.
8. Sleeping at the place of work.
9. Consuming alcohol at the place of work.
10. Coming to duty under influence of alcohol or any other intoxication in an inebriated condition.
11. Smoking in prohibited areas.
12. Misuse of channels/modes/equipment for communication provided by the company for official use.
13. Accepting any kind of bribe/commission/gratification from the external agencies who have been hired for providing services to company for office work.
14. Doing Transaction for self-interest at the place of work or in the premises of the company such as business in stock market etc.
15. Disruption of any meeting or transaction in office premises, which are being held for official business.
16. Adding or abetting acts of indiscipline.
17. Being involved in any criminal activity/proceedings for an incident, which might have occurred inside or outside the office premises.
18. Being involved or directly indulging in anti-company talks, speeches, literature, handbills, pamphlets or, provoking others for the same.
19. Wilfully submitting false or forged documents, statements or bills.
20. Damage or misuse or personal use of any assets of the company.





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Annexure C

Steps for Handling a Reported Case of Misconduct/ Indiscipline – Actions to be taken by Management

1. A written report to be taken from the concerned staff, duly endorsed by HOD.
2. Written report to be examined whether the reported incident is really misconduct/ indiscipline.
3. Written explanation to be sought from the erring employee.
4. Close the matter with a warning letter to the erring employee if his/her explanation is found satisfactory.
5. If the explanation is not found satisfactory, a charge sheet should be issued and a domestic enquiry should be constituted.
6. The concerned staff member to be suspended if his/her presence in company's premises is perceived as a threat of any kind.
7. At the completion of domestic enquiry, the report of the enquiry officer should be submitted to the concerned disciplinary authority.
8. Action as deemed necessary by the concerned disciplinary authority should be initiated.

Things to be done to establish "Discipline Administration" system

- Notification of disciplinary authorities/competent authorities
- List of actions of misconduct & indiscipline, and, list of punishments – minor & major penalties to be circulated to all staff members.



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Annexure – IV

DECLARATION

I do hereby state that all provisions of the “Code of Conduct” have been fully read and understood by me. I further do hereby solemnly affirm that I shall abide by all the provisions and conditions as stipulated under this Code failing which I shall be subject to any penalty or punishment which the Management considers appropriate. The decision of the Management shall be final and acceptable to me.

Name of the Employee :

Designation :

Department & Unit :

Date :

Signature :



Handwritten initials

SCHEDULE IV

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

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.



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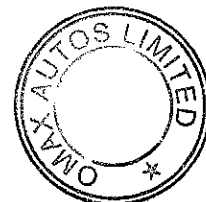
III. Duties :

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.

IV. Manner of appointment:

- (1) 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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 thereunder and that the proposed director is independent of the management.



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- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
- (a) the term of appointment;
 - (b) 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;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) 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.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

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

VI. Resignation or removal:

- (1) 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.
- (2) 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.
- (3) 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.

VII. Separate meetings:

- (1) 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;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;



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- (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.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.



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