



TERMS OF APPOINTMENT OF INDEPENDENT DIRECTORS

1. Terms of Office :

- (a) The term of your Independent Director (ID) is for a period of five consecutive years, from the conclusion of the annual general meeting held on 6th August 2015, subject to the provisions of the Act 2013 and the articles of association of the Company (AoA), as amended, from time to time, particularly regarding appointment, fees, expenses, retirement, disqualification and removal of directors;
- (b) You are aware of the maximum permissible directorships that one can hold as per the provisions of the Act, 2013 and the Listing Agreement and we hope that this appointment will be within those limits;
- (c) You can serve for not more than two terms of consecutive five years each on the Board and before your second term commences, the Company will have to seek approval of the shareholders by way of a special resolution, on the expiry of the first term of five consecutive years;
- (d) This directorship is not subject to retirement by rotation during the term, as per the relevant provisions of the Act 2013;
- (e) In case, you may have to resign your directorship in the Company for any reason or pursuant to any of the provisions of the Act 2013 or any of the applicable Law or the Articles of Association of the Company or you may be required to vacate the office of directorship, it can be done at any time by you giving a letter of resignation. While forwarding your intention to resign or not to seek re-appointment, it will be preferable if you give the Chairman reasonable time so that the Company can plan suitable succession to the Board;
- (f) The performance of an ID will be reviewed during his tenure with the Company, in accordance with the processes agreed by the board, from time to time and you will participate in such reviews.

2. Commitments:

The commitments that are expected from you as ID in relation to your functions are as follows:

- (a) As an ID, you will be expected to devote such time as is necessary for the proper performance of your duties and involve in a number of board and committee meetings each year.

- (b) You should strive to attend all the scheduled quarterly board meetings, General Meetings, Committee Meetings and other meetings;
- (c) You should strive to hold and present in at least one meeting in a year without the presence of non-independent directors and members of management with the sole objective of:
 - (1) reviewing the performance of non-independent directors and the Board as a whole;
 - (2) reviewing the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; and
 - (3) assessing 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.
- (d) By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.

3. Code of conduct, functions and duties:

- (a) As a director of the Company, you will have all legal duties and obligations under the Act 2013 and the Listing Agreement with the Stock Exchanges, including attendance at board meetings, annual general meetings, meetings of IDs and such other additional duties, as may be agreed to, from time to time;
- (b) As a director of the Company, you have to familiarize yourself with the relevant directors' duties, roles and responsibilities as set out in the Code for Independent Directors under Schedule IV of Act, 2013. **(Annexure I)**;
- (c) You will be required to serve on such committees, as the board may request including but not limited to Audit and/or Nomination and Remuneration and/or Stakeholders Relationship and/or Corporate Social Responsibility Committee and/or such other sub-committees of directors. In addition, you will be expected to devote appropriate time for preparation and for travel, ahead of each meeting;
- (d) The Board will constitute, assign and fix terms of service for committee members. The frequency of the committee meetings and the quorum for such meetings will be governed by the applicable provisions of the Act, 2013 and Listing Agreement. Recommendations of the committees are to be submitted to the Board for approval; and

- (e) You will be expected to perform your duties, whether statutory, fiduciary or common law diligently to a standard commensurate with both your functions and duties & your skills, experience and knowledge.

4. Liability :

As an ID, your liability will be there in respect of such acts of omission or commission by the Company, which had occurred with your knowledge, attributable through board processes, and with your consent or connivance or where you had not acted diligently.

5. Technology :

- (a) You may attend the board or committee meetings through video conferencing or other audio visual means, subject to the applicable provisions of the Act 2013.
- (b) You may make use of video, telephone, electronic mail, any other technology which permits each director to communicate with every other director, or any combination of these technologies for the purpose of call and holding directors' meetings.

6. Conflict of Interest :

By accepting this appointment, you are deemed to have confirmed that, any other position you hold including your directorships in other organizations, will not give rise to any 'conflicts of interest' in relation to your appointment as an ID of the Company. Should you become aware of any conflict or potential conflict during the period of your appointment, you are expected to notify the same to the board.

7. Disclosures :

- (a) You will have to submit certain information in the prescribed forms on a defined format periodically to the board;
- (b) You will be required to disclose to the Company your interests and any matters (excluding those matters, which may be subject to legal professional privilege), which affect your independence; and
- (c) You will be required to give a declaration that you meet the criteria of independence every financial year, as provided under Section 149 of the Act 2013 in the prescribed format. **(Annexure II)**

8. Directors' fees / remuneration :

- (a) A sitting fee will be paid to you for attending each meeting of the board as well as the committee meeting attended by you, as per the provisions of Section 197 of the Act 2013 and the AoA, as fixed by the board from time to time;
- (b) You will be entitled to claim reimbursement of all your travelling, hotel and other incidental expenses incurred by you in performance of your duties, as per the provisions of the Act 2013;
- (c) IDs are not entitled to any 'stock option' and will not be covered by any pension scheme; and
- (d) You will be entitled to receive profit related commission within the permissible limit under the applicable provisions of the Act 2013, as determined by the board and approved by the shareholders, from time to time.

9. Review :

The performance of individual directors, the whole board and its committees will be evaluated annually by the Board.

10. Codes :

You will be required to abide by Code of Business Conduct and Ethics and Code of Conduct for prevention of Insider Trading for senior management personnel, including directors, besides Code for independent directors, as issued by the Company.

11. External Advice:

After consultation with the Chairman if that is practicable (and, if appropriate, jointly with any other Non-Executive Directors whose interests are the same as yours), you will be entitled to seek external independent advice at the Company's expense, in order to enable you to carry out the duties of your office, if you find it necessary.

12. Indemnity and Insurance :

- (a) The Company will use its best endeavours to maintain appropriate directors' and officers' (D&O) liability insurance for your benefit during and after the term in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company; and
- (b) Furthermore, the Company will use its best endeavours to retain any renewed D&O policy to pay for the personal liability of directors and officers for claims made against them while serving on the Board and / or as an officer of the Company.

13. Confidentiality and access to records :

- (a) Directors have a right of access to Company's documents and records, including financial records, as per the provisions of the Act 2013, and
- (b) Any confidential information, which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged, except so far as (i) it may be necessary in connection with the proper performance of your duties to the Company; (ii) the Company may, from time to time, authorise you to disclose such information, as may be required by you with the condition that you will take all reasonable precautions, as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company; (iii) you may be required by law to disclose.

14. Applicable laws :

This letter of appointment shall be governed by the laws of India.

CODE OF CONDUCT FOR 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.

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.

Annexure II

The Board of Directors,
M/s SUNDARAM BRAKE LININGS LIMITED

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - i. the statutory audit firm or the internal audit firm that is associated with the Company and
 - ii. the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material supplier, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.
- (e) I further declare that I will –
 - i. adhere to the standards as set out in the Code for Independent Directors as provided under Schedule IV of the Act;
 - ii. furnish such declaration, at the first meeting of the Board in every financial year or whenever there is any change in the circumstances, which may affect my status as an Independent Director, stating that I meet or do not meet the criteria of Independence, in terms of the aforesaid provisions of the statutes.

Thanking You,

Yours Faithfully,

Date:

Place:

(Independent director)