



Lumax Industries Limited



REGD. & CORPORATE OFFICE :

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Our Ref.

(CIN: L74899DL1981PLC012804)

Date

[NAME] _____

[ADDRESS] _____

Sub : **Appointment as an Independent Director of Lumax Industries Limited**

Dear _____,

I am pleased to inform you that your appointment as a Non-Executive Independent Director on the Board of Directors of the Company has been approved by the shareholders in the Annual General Meeting held on _____ pursuant to the provisions of the Companies Act, 2013. This letter of appointment sets out the terms and conditions of your appointment, which are as follows :

1. **APPOINTMENT**

Your appointment as a Non-Executive Independent Director on the Board of Directors (Board) of the Company will be for an initial term of 5 years and shall take effect from _____, unless terminated earlier or extended as per the provisions of this letter or applicable laws.

Your appointment is subject to the provisions of the Companies Act, 2013 and Articles of Association of the Company and the listing agreement. You shall not be liable to retire by rotation as per the relevant provisions of the Companies Act, 2013.

The Company has adopted the provisions with respect to appointment and term of Independent Directors, which is in consistent with the Act and the Listing Agreement.

2. **TIME COMMITMENT**

As a Non-Executive Independent Director you are expected to bring objectivity and independence of view to the Board's discussions and to provide help to the Board with effective leadership in relation to the company's strategy, performance, and risk management as well as ensuing high standards of financial probity and corporate governance. The Board generally meets four times in a year. The Audit committee generally meets four times in a year and other Board Committee like Nomination and Remuneration committee and Sub-committee of Directors meetings are ordinarily convened as per requirements. You will be expected to attend Board and Board Committees to which you may be appointed and Shareholders Meetings and to devote

such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, all meetings are held in Gurgaon except the Annual General Meetings, which is held in New Delhi.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

3. ROLES, DUTIES AND FUNCTIONS

Directors are in essence trustees and have fiduciary duties towards the shareholders. The general obligations and liabilities of a Director are based on common law principles.

Your role and duties will be those normally required of a Non-Executive Independent Director under the Act and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non- Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act as under :

- i. You shall act in accordance with the Company's Articles of Association.
- ii. 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.
- iii. You shall discharge your duties with due and reasonable care, skill and diligence.
- iv. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- v. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- vi. You shall not assign your office as Director and any assignments so made shall be void.

In addition to the above requirements, you are also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Act, as in force and as may be amended from time to time, which is annexed as **ANNEXURE - I.**

4. BOARD COMMITTEE

The Board may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations. Accordingly, you have been appointed on the following committees of the Board :

- 1. _____
- 2. _____
- 3. _____

The term of reference of the relevant committees are attached as **ANNEXURE – II** to this appointment letter.

5. TRAINING

You will be entitled to the benefit of a training program to familiarize yourself with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the company operates, its goals and expectations and long term plans and objectives.

6. DIRECTORS AND OFFICERS (D AND O) INSURANCE.

The Company may obtain a Directors' & Officers' liability Insurance Policy for you. The details of the same will be provided to you as and when such policy is taken by the Company.

7. CODE OF CONDUCT

During the appointment you are required to comply with regulations as contained in Schedule IV under companies Act, 2013 and Listing Agreement, including the following codes of conduct of the company :

- i. Code of Conduct for Board of Directors and Senior Management of the Company; and
- ii. Code for prevention of Insider Trading and such other requirements as the Board of Directors may specify from time to time.

You will apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company including any subsidiary or associate thereof with which you come into contact by virtue of your position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

8. DISCLOSURE OF INTERESTS

During the Term, you agree to promptly notify the Company of any change in your Directorships 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 Company.

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

9. DIRECTORS'S FEES

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid a sitting fee of Rs._____ for attending meetings of the Board and its Committees as may be decided by the Board and as per the provisions of Section 197 of the Companies Act, 2013.

Further, the Company may pay or reimburse to you such fare and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company.

10. PERFORMANCE EVALUATION

The provisions contained in the Companies Act, 2013 and the Listing Agreement will apply as regards performance evaluation of Independent Directors is concerned. The performance of Independent Directors shall be evaluated 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 your appointment as an Independent Director.

11. RE-APPOINTMENT AND RESIGNATION

- i. Re-appointment for the second term shall be based on recommendation of the Nomination and Remuneration Committee and subject to approval of the Board and the Shareholders. Your re-appointment would be considered by the Board, based on the outcome of the performance evaluation process and your continuing to meet independence criteria.
- ii. You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board. Further, in terms of provisions of the Companies Act, 2013, you are required to file a copy of your resignation letter with the Registrar of Companies.
- iii. Notwithstanding other provisions of this Letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013.

12. GENERAL

This letter and any non-contractual obligations arising out of or in connection with the Letter are governed by, and shall be construed in accordance with the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Delhi.

Please confirm your agreement to the above by signing and returning the enclosed duplicate copy of this letter.

We are confident that the Board and the Company will benefit immensely from your rich experience. We are sure that with your continued guidance and support, the Company will be able to accomplish its goals and objectives. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

Yours sincerely,
For **LUMAX INDUSTRIES LIMITED**

CHAIRMAN

I have read and agree to the above terms regarding my appointment as a Non-Executive Independent Director.

Signature : _____

Name : _____

DIN : _____

Date : _____

CODE FOR INDEPENDENT DIRECTORS AS PER SCHEDULE IV OF THE COMPANIES ACT, 2013

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) scrutinize 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.

I AUDIT COMMITTEE

Terms of Reference: The terms of reference of the audit committee inter-alia includes the following :

Powers of Audit Committee: The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee: The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee: The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

II NOMINATION AND REMUNERATION COMMITTEE

1. The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. The Committee shall, while formulating the policy ensure that—
 - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

III CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Functions

1. Activities relating to:—
 - a. eradicating extreme hunger and poverty;
 - b. promotion of education;
 - c. promoting gender equality and empowering women;
 - d. reducing child mortality and improving maternal health;
 - e. combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
 - f. ensuring environmental sustainability;
 - g. employment enhancing vocational skills;
 - h. social business projects;
 - i. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
 - j. such other matters as may be prescribed.
2. recommend the amount of expenditure to be incurred on the activities as mentioned above; and
3. monitor the Corporate Social Responsibility Policy of the company from time to time.