

HINDUSTAN MOTORS LIMITED

The terms and conditions of appointment of the Independent Directors of the Company in accordance with the requirements of Schedule IV to the Companies Act, 2013 and revised Clause 49 of the Equity Listing Agreement:

Terms and Conditions of appointment of Independent Directors:

I. Term:

A. Shri Raj Kamal Johri

Appointed as an Independent Director on the Board of the Company effective from the conclusion of Seventy-second Annual General Meeting of the Company held on 25th September, 2014 till the conclusion of Seventy-seventh Annual General Meeting of the Company.

B. Shri Sanjay Basu

Appointed as an Independent Director on the Board of the Company effective from the conclusion of Seventy-second Annual General Meeting of the Company held on 25th September, 2014 till the conclusion of Seventy-seventh Annual General Meeting of the Company.

C. Smt. Mou Mukherjee

Appointed as an Independent Director on the Board of the Company effective 30th March, 2015 for a period of five consecutive years which is subject to approval of the Members in General Meeting.

II. Other Terms and Conditions

A. Guidelines of professional conduct of the Independent Directors shall include the following:

1. Independent Directors shall uphold ethical standards of integrity and probity;
2. Independent Directors shall act objectively and constructively while exercising their duties;
3. Independent Directors shall exercise their responsibilities in a *bona fide* manner in the interest of the Company;
4. Independent Directors shall devote sufficient time and attention to their professional obligations for informed and balanced decision making;
5. Independent Directors shall assist the Company in implementing the best corporate governance practices.

B. Role and functions of Independent Directors shall include the following:

1. 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;

2. Independent Directors shall bring an objective view in the evaluation of the performance of board and management;
3. Independent Directors shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Independent Directors shall satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Independent Directors shall safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Independent Directors shall balance the conflicting interest of the stakeholders;
7. Independent Directors shall 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. Independent Directors shall moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders' interest.

C. Fiduciary duties and accompanying liabilities of Independent Directors shall include the following:

1. Independent Directors shall act in accordance with the Articles of Association of the Company.
2. Independent Directors 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 interests of the Company, its employees, the shareholders particularly the minority shareholders, the community and for the protection of environment.
3. Independent Directors shall exercise their duties with due and reasonable care, skill and diligence.
4. Independent Directors must act in the way they consider, in good faith, that would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so they should regard (amongst other matters) to -
 - a. the likely consequences of any decision in the long term;
 - b. the interests of the Company's employees;
 - c. the need to foster the Company's business relationships with suppliers, customers and others;
 - d. the impact of the Company's operations on the community and the environment;
 - e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - f. the need to act fairly as between members of the Company.
5. Such other duties as may be specified by the Companies Act, 2013 read with the rules framed thereunder and Listing Agreement, as amended from time to time.
6. Independent Directors shall comply with fiduciary duties and shall be subject to accompanying liabilities that come with their appointment as Independent Directors of the Company.

D. Duties of Independent Directors as per Schedule IV of Companies Act, 2013:

1. Independent Directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. Independent Directors shall 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. Independent Directors shall strive to attend all meetings of the Board of Directors and of the Board committees of which they are members;
4. Independent Directors shall participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Independent Directors shall strive to attend the general meetings of the Company;
6. Independent Directors shall 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. Independent Directors shall keep themselves well informed about the Company and the external environment in which they operate;
8. Independent Directors shall not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Independent Directors shall 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. Independent Directors shall 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. Independent Directors shall report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
12. Independent Directors shall act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
13. Independent Directors shall 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.

E. Directors and Officers Insurance:

1. The Company provides all its directors with, and pays the premium for, Directors and Officers Liability insurance cover, while acting in their capacities as directors. The present amount of the cover is Rupees Ten Crores.
2. Independent Directors may obtain a copy of the relevant policy from the company secretary and satisfy themselves as to the suitability and extent of the cover.

F. Code :

The Company has formulated a "Code of Business Conduct and Ethics for Directors and Senior Management, as amended by the Board from time to time which is required to be observed by all the directors and senior management.

The Company has also formulated a "Hindustan Motors Limited Code of Conduct for Prohibition of Insider Trading", as amended by the Board from time to time which is required to be observed by all the directors and designated employees, and their relatives.

Independent Directors are required to abide by the provisions of "Code for Independent Directors" specified in schedule IV of Companies Act, 2013, as amended from time to time.

G. List of actions that Independent Directors should not do while functioning:

1. Independent Directors shall not involve in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company in terms of provisions of the Companies Act, 2013 read with rules framed there under, Listing Agreement and other applicable laws, as amended from time to time.
2. Independent Directors shall not achieve or attempt to achieve any undue gain or advantage either to them or to their relatives, partners, or associates and if they are found guilty of making undue gain, they shall be liable to pay an amount equal to that gain to the Company.
3. Unless specifically authorized to do so by the Board, they must not enter into any legal or other commitment or contract on behalf of the Company.
4. Independent Directors will not allow any extraneous considerations that will vitiate their 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;
5. Independent Directors will not abuse their 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;
6. Independent Directors will refrain from any action that would lead to loss of their independence as per Companies Act, 2013 and listing agreement; where circumstances arise which result in loss of independence, inform the Board immediately;
7. Independent Directors must not be disqualified as per the provisions mentioned under section 164(1) of the Companies Act, 2013.

H. Sitting Fees:

1. Independent Directors are eligible for sitting fees for attending meetings of the Board or committee thereof as decided by the Board from time to time.
2. The Company will reimburse to Independent Directors for all expenses, as may be incurred by them for participation in the Board and other meetings, such as accommodation, travelling expenses etc.
3. All fees payable shall be subject to income tax and other statutory deductions.

I. Outside Interests Including Directorships

1. It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. Independent Directors are requested to contact the company secretary as soon as possible to arrange for the disclosures of their interests, direct or indirect as a shareholder, director, partner or owner of other companies, body corporate, firms or other entities as required under the Companies Act, 2013 read with rules framed thereunder and under Listing Agreement, as may be amended from time to time.
2. The Board of the Company has relied on the certificate of independence submitted by Independent Directors, to determine that they are independent according to clause 49 of the Listing Agreement read with Section 149 and Schedule IV of the Companies Act, 2013.
3. Independent Directors are required to ensure that the Company is kept informed of any changes to their interests from time to time. In certain circumstances, the agreement of the Board may have to be sought before accepting further commitments which either might give rise to a conflict of interest or a conflict of any of their duties to the Company, or which might impact on the time that they are able to devote to their role at the Company.
4. In the event that Independent Directors become aware of any further potential or actual conflicts of interest, these should be disclosed to the company secretary as soon as they become apparent and, again, the agreement of the Board may have to be sought.
5. Independent Directors will disclose any direct or indirect interest which they may have in any matter being considered at a board meeting or committee meeting and, save as permitted under the Articles of Association, applicable provisions of the Companies Act 2013 read with the rules framed thereunder and under Listing Agreement, they will not vote on any resolution of the Board, or of one of its committees, on any matter where they have any direct or indirect interest.

J. Shareholdings by Directors in the Company

Directors when buying or selling shares are expected to strictly observe the provisions of the Company's Articles of Association, the Company's own internal rules including the "Code of Conducts" framed by Company and all relevant legislative and regulatory procedures including, in particular, stock exchange listing requirements.

K. Board and Individual Director Evaluation Processes

The performance of the Board as a whole, its committees and individual directors is evaluated annually. If, during the tenure of Independent Directors' directorship, there are matters which cause them concern about their role they may discuss the same with the chairman of the Board. Independent Directors may also seek the assistance of the key managerial personnel of the Company, as and when required, for effectively discharging their duties.

L. Miscellaneous

Appointment of Independent Directors of the Company is governed by and shall be construed and interpreted in accordance with the laws of India and shall be subject to the jurisdiction of the courts of Kolkata, India.

