

SHARDA MOTOR INDUSTRIES LIMITED

TERMS & CONDITION OF THE APPOINTMENT OF INDEPENDENT DIRECTORS

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the (i) all applicable laws, including Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended from time to time) and (ii) Articles of Association of the Company (“AOA”). Please note that letter of appointment is a contract for services and is not a contract of employment.

1. TERM OF APPOINTMENT

Your appointment will be for a term of _____ years and shall take effect from _____, unless terminated earlier or extended, as per the provisions of this letter and/or applicable laws

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

Re-appointment at the end of the Term shall be based on the recommendation of the Nomination Committee and subject to the 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 you continuing to meet the independence criteria.

You shall remain appointed on one or more existing Board Committees or may be appointed in any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

The Board may reconstitute the composition of any/all Committees, from time to time, in-consultation with concerned Director(s), and any such change shall be promptly communicated to you. In such an event you shall also be required to serve on other Committees of the Board.

2. ROLE OF THE BOARD

The Board’s role is to effectively represent, and promote the interests of, shareholders with a view to adding long-term value to the Company’s Business shares. Having regard to its role the Board directs, and supervises the management of, the business and affairs of the Company including, in particular:

- ensuring that the Company’s goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, day to day management of the company is left to management.

All Directors are expected to take decisions objectively in the interests of the Company. The Board as a whole is collectively responsible for the success of the Company. All Directors, whether non-executive or executive, have the same general legal responsibilities.

You will also be responsible for providing guidance in the area of your expertise.

3. CODE OF CONDUCT

During the Appointment you will comply with the "SMIL code of conduct for Board members and senior management personnel" and relevant regulations/provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, SEBI (Prohibition of Insider Trading) Regulations as may be issued by the Securities and Exchange Board of India, from time to time specify.

4. 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. However the Board normally meets at least four times in a year and holds additional meetings as the occasion requires. The Audit Committee and Stakeholders' Relationship Committee are also held four times in a year and Nomination and Remuneration Committee meetings are held as and when the need arises. You will be expected to attend Board and its Committees to which you are appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

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.

5. REMUNERATION

The sitting fees paid to Non Executive Independent Directors for attending the Board and its Committees meeting is decided by the Board from time to time within prescribed limits under the Companies Act, 2013 and other applicable law(s), if any.

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.

At present sitting fees payable for attending Board and its Committee(s) is as under:

- ✚ Board – RS. 40,000 per meeting
- ✚ Committee - RS. 20,000 per meeting

In addition to the sitting fees, the Company may pay or reimburse to you such fair and reasonable expenditure, as may have been incurred by you for attending Board/ Committee meetings and General Meetings.

6. DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS 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 Companies Act 2013.

You also agree that upon becoming aware of any potential conflict of interest with your position as an Independent Director of the Company, you shall promptly disclose the same to the Chairman, Company Secretary and the Board. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing Directorships.

7. BOARD AND INDIVIDUAL DIRECTOR EVALUATION PROCESSES

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 Nominations Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee. An indicative list of factors that may be evaluated as part of this exercise is:

- Participation and contribution by a Director,
- Commitment (including guidance provided to senior management outside of Board / Committee meetings),
- Effective deployment of knowledge and expertise,
- Effective management of relationship with stakeholders,
- Integrity and maintenance of confidentiality,
- Independence of behaviour and judgment, and
- Impact and influence.

8. INDUCTION AND DEVELOPMENT PROCESSES

As soon as practicable the Company will provide a comprehensive induction programme aimed at broadening your understanding of the Company, its business, and the environment and markets in which it operates. As part of the programme you

will meet key management and receive a folder of essential Board and company information.

All Directors are expected to remain current on how to best discharge their responsibilities as Directors of the Company including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

9. CHANGES 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.

10. TERMINATION

Your Directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the 2013 Act, your Directorship may be terminated for violation of any provision of the “SMIL” Code of Conduct as applicable to Directors.

You may resign from the Directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. 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 a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act or, if applicable, you fail to meet the criteria for “independence” under the provisions of Clause 49 of the Listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

11. CONFIDENTIALITY

All information acquired during your appointment is confidential to the Company and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.
