



DIRECTOR'S MANUAL

MOTHERSON SUMI WIRING INDIA LIMITED

Adopted by the Board of Directors on January 28, 2022

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PREFACE

Welcome to the Board of **Motherson Group!**

Motherson Group is one of the world's fastest growing specialised automotive component manufacturer for OEMs. SMG is a full system solutions provider with a diversified, industry-leading portfolio of auto ancillary products and services that focus principally on the automotive industry.

Motherson Group strives for the Best Governance Practices for its Board functioning and participation of all the members of the Board and its committees in the most transparent and constructive manner.

In order to harmonize the best governance practices within the Motherson Group entities across the globe and to de-risk the business from legal, compliance and succession risks, Motherson Sumi Wiring India Limited ("**MSWIL**") has adopted this Directors' Manual.

The objective of this Directors' Manual is to provide consistent and best in class practices & parameters by MSWIL and provide a framework across all jurisdictions in which MSWIL operates.

There may be local legal requirements, either to have country/region specific policies or incorporation of local legal requirements into global policies of the Motherson Group. In an event, there is a conflict between the Manual and the local legal requirements, the local legal requirements will prevail.

In case of disparity between the Manual and local legal requirements, the more stringent between the two will be adopted.

In case of any assistance or clarification, please feel free to reach out to the General Counsel's Office at ***gco_policyquery@motherson.com***.

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BOARD AND DIRECTOR'S GOVERNANCE

This Manual (“**Manual**”) sets out the roles, responsibilities liabilities associated with your appointment to the governing board (“**Board**”) of companies forming part of the Motherson Group and delegation of authority to management. This Manual provides some of the information you need to carry out your responsibilities as member of the Board (“**Director**” / “**Member**”) and key inside for discharging such functions with best Corporate Governance norms and practices.

1. INTRODUCTION

1.1 Welcome to the Board

1.1.1 We appreciate your willingness to serve and hope that you will find serving on the Board a rich and rewarding experience.

1.1.2 As a director, you and your fellow members are responsible for overseeing the company’s operations, governing and protecting interests of all stakeholders while maintaining commitment to MSWIL’s mission and policies. This involves establishing strategic direction, ensuring compliance with all applicable legal requirements, discharging Board’s functions as per Applicable Laws and keeping the company financially healthy. In discharging your role as a director, you have authority to seek any clarification or information from the management of the Company or inspect any document of the company provided there is no conflict of interest while seeking any such information or document for inspection.

1.1.3 MSWIL supports participation by each Member at the Board, as the Board is the highest management function body of an incorporated company.

1.1.4. This Manual will help to understand your duties, rights and responsibilities as a director so that you can effectively carry out these. We encourage you to refer to it whenever you have questions about your service on the Board.

1.2 About Motherson Group

1.2.1 Motherson Group’s principal focus is automotive industry globally. Motherson Group combines the power of innovation, information technology and product quality to passionately create world class products that cater to customer needs across diverse industries, especially automotive. Founded in 1975, Motherson Group has a diversified industry-leading portfolio of auto ancillary products and services that make it a full system solutions provider for its customers across the globe. With market leading products ranging from electrical distribution systems, automotive rear-view mirrors, polymer processing, lighting systems, air intake manifolds and HVAC systems. Motherson Group is a leading supplier to automotive industry globally. Motherson Group continues to grow and is determined to venture into various new fields including innovations, IT enabled services and various other new ventures.

1.2.2 Motherson Group has operations in about 37 countries across the globe and has more than 230 facilities and 24 design centres with over 100,000 employees. Motherson Group currently has about 200 legal entities and such number is increasing on a day-to-day basis.

2. DIRECTORS

2.1 Directors are persons appointed to the Board, by whatever name called. They occupy a key position in the management of the company and have fiduciary responsibilities towards all stakeholders. The management of the company functions under the supervision of the Board. While the directors are entrusted with wide powers they are also accountable to the company. There are also some special categories of directors which may vary from country to country based on their nomenclature and role. A few such categories are set out below:

- (a) **Executive Director / Managing Director:** An executive director / managing director is a director entrusted with substantial powers of the management. He occupies dual capacity of being director as well as employee of the company and usually acts as an agent of the company with capacity to bind the company within the sphere of management.
- (b) **Whole-time Director(s):** Whole-time director are such directors who are rendering their services to the company on whole time basis and includes a director in the whole time employment of the company. Whole-time directors are functional directors and their position in the company is in addition to be a director includes to that of an employee.
- (c) **Independent Director(s):** Independent Directors are those who do not take part in the day-to-day management and administration of the company. Subject to Applicable Law, key features that differentiate Independent Directors from other Directors are that Independent Directors:
 - (i) only receive director's remuneration from the company and have no other pecuniary relationships with company or its promoters;
 - (ii) are not related to the promoters or other key managerial persons of the company;
 - (iii) have not been an executive or employee of the company in the recent past; and
 - (iv) do not hold substantial shares in the company.

The key role of Independent Directors is to help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct

- (d) **Nominee Directors:** An individual who is given role of a non-executive director on a company's board of director as a nominee of an investor or financial institution or third party under a contractual obligation.

3. GENERAL STRUCTURE

3.1 Composition

3.1.1 The composition of the Board is constituted as per the laws of the country in which the company is incorporated, constitutional documents of the company and requirements (if any) as per the contractual obligations applicable to that company (such as in case of joint venture agreements, shareholders' agreements or lending agreements).

3.1.2 Every Board must have a chairperson of the Board to conduct the Board Meeting and such chairperson will be the final authority to confirm the minutes. In case there is no permanent chairperson appointed by the Board or the appointed chairperson is unable to chair the meeting, the Board is required to appoint a director among themselves to chair the meeting.

3.2 Term

3.2.1 The maximum term for serving as a director shall be as mandated by the Applicable Law.

3.3 Nominations

3.3.1 The Board will periodically review and consider the structure and balance of the Board and make provisions regarding appointments, retirements and terms of office of directors. In particular, it is expected that the Board:

- (a) identify candidates after considering the necessary and desirable competencies of new Board members;
- (b) approve and review induction procedures for new appointees to the Board to ensure that they get familiarization with the business and structure of the Company and thus can effectively discharge their responsibilities;
- (c) assess and consider the time required to be committed by non-executive director to properly fulfil their duty for the company and advise the Board;
- (d) consider and approve candidates for election or re-election to the Board at each annual shareholders' meeting; and
- (e) approve the terms and conditions of appointment to, and removal and retirement from, the Board.

4. POWERS OF THE BOARD

4.1 Broadly, the Board is entitled to exercise all such powers and do all such acts and

things as the company is authorised to do. However, the manner of exercise of Board's power depends on the Applicable Law.

4.2 Generally speaking, the managerial powers exercisable by a director can be categorised in the following three broad categories:

- (a) powers which can be put to use in accordance with the Charter Documents or the Applicable Law;
- (b) powers which can be exercised only at Board Meetings; and
- (c) powers which are exercisable only with the consent of the shareholders.

4.3 The directors may from time to time require independent legal, financial, governance or other expert advice. The directors may obtain external advice, as may be required, at the company's expense and may invite senior management to provide technical advice, if needed.

5. ROLE OF THE BOARD

5.1 The fundamental role of the Board is to exercise their business judgement to act in what they reasonably believe to be the best interests of the company and its shareholders. The key functions of the Board (either itself or through a duly appointed committee) are set out below:

(a) **Review company's financial plans and performance**

The Board reviews the Company's annual financial plan. On an on-going basis during the year, the Board monitors the Company's performance against its annual financial plan.

(b) **Review management's performance and compensation**

The Board provides strategic direction, reviews corporate performance, authorizes and monitors strategic decisions to safeguard the interest of stakeholders. As part of this duty, the Board also reviews and determines the compensation payable to key employees of the management based on their skill, qualification and performance.

(c) **Advice and counsel the company's management**

The Board should be composed of individuals whose knowledge, background, experience and judgement are valuable to the company, with the ability to provide advice to the management.

Members of the Board may have access to management and other employees to help with the Board's advice, counsel and decisions, as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of management.

(d) **Monitor potential conflicts of interest of directors**

The Board reviews and approves all such transactions between related parties of the directors for which approval is required under Applicable Law.

(e) **Legal compliance**

The Board reviews and ensures that the company complies all Applicable Laws, which, *inter-alia*, includes:

- (i) integrity of the company's financial statements;
- (ii) company's compliances with Applicable Laws; and
- (iii) company's internal accounting and financial controls.

(f) **Risk Mitigation**

The Board should continuously evaluate the key risks that the company is exposed from a business or legal perspective. The Board should put in place appropriate risk mitigation measures and mechanisms including obtaining insurance cover for such risks.

(g) **Review of Joint Venture / Subsidiary business and minutes**

In today's business world, various corporate entities under the Motherson Group have divested and made significant investment through subsidiaries and/or Joint Venture (JV).

The Board of every investee company shall be under an obligation and duty bound to perform periodic extensive business review and performance review of each of their JV or subsidiary companies. For this purpose, respective business / unit head(s) may be invited to present performance of the subsidiary companies / relevant business vertical. Further, minutes of each of the subsidiary/JV company (subject to confidentiality covenants) shall be placed and reviewed by the Board of holding/investee company.

(h) **Other Roles**

In addition to the above, the Board's role also involves overseeing the following:

- (i) Protection of the intellectual property (**IP**) of the company by registering the IP with appropriate authorities and monitoring any potential infringement of the IP. As part of the role, the Board also looks to ensure that the company does not infringe intellectual property of any other person.
- (ii) Ensuring protection of workman's rights by putting in place appropriate policies for due protection of their rights and procuring

compliance of such policies by the company. As part of the role, the Board looks to ensure that the workers are not exploited by the management of the company and their safety is given paramount importance to avoid any accidents or mis-happenings at the factories, offices and other sites of the company.

- (iii) Enforce robust internal control processes to stop any efficiency related losses etc. in production, supply and other operations of the company.

6. DIRECTOR'S DUTIES & RESPONSIBILITIES

6.1 As a director, there are certain legal responsibilities to be followed. Broadly, such responsibilities can be classified under the following heads:

(a) **Fiduciary Duties:**

- (i) **Tone at the top:** The “tone at the top” refers to the ethical climate created in an organization by its leadership. As an essential part of the leadership, a director can foster a climate whereby the directors, management and employees act in a manner that upholds the highest ethical standards, while carrying out necessary duties. It is important to create this expectation for the Board and others.
- (ii) **Duty of exercising skill and care:** Directors must perform its responsibilities with the same skill and care as a prudent business person will ordinarily use in managing his own business affairs. This means that the Director should stay informed and active, disclose to other directors material information that is not already known to them unless such director is obligated to keep the information confidential and exercise independent judgement when making decisions on behalf of the company.
- (iii) **Duty of loyalty:** Directors must act in the best interests of the company and not for their personal benefit. To avoid impropriety or the appearance of impropriety, a Director must disclose to the Board any potential conflict of interest and refrain from participating in any decision of the Board in which the Director may have a conflict.
- (iv) **Duty to Inform:** Directors have a duty to provide the Board with the information that they have learned while performing their duties that is material to the Board in carrying out its responsibilities to the company.
- (v) **Duty to act in good faith:** Directors must perform his duties acting in good faith and in best interest of the company. In performance of their duties, a director must not carry out any act that may be of their personal interest in conflict with the interest of the company.

- (vi) **Confidentiality Duty:** Directors should not disclose information about the company's activities unless the Board decides to make the information public, or unless the information is a matter of public record.
- (vii) **Attendance:** Directors should demonstrate their commitment to the company by regularly attending Board Meetings. This will allow the directors to stay informed of activities and, in turn, the company will benefit from the skills they bring to the Board.

(b) **Statutory Duties:**

In addition to the fiduciary duties set out above, director may have additional duties under the Applicable Law. It is advisable to consult legal advice from a local law perspective to understand the statutory duties applicable in the jurisdiction in which the company is incorporated.

6.2 In addition the role mentioned in para 6.1 above, an Independent Director shall be subject to following additional role and responsibilities:

- (a) help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conducts;
- (b) being an objective view in the evaluation of the performance of board and management;
- (c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performances;
- (d) satisfy themselves on the integrity of financial information and that financial controls and the systems risk management are robust and defensible;
- (e) safeguard the interests of all the stakeholders, particularly the minority shareholders (if any);
- (f) balance the conflicting interest of the stakeholders;
- (g) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

7. CONDUCT

7.1 In conducting the affairs of the company, the directors must at all times act honestly, fairly, diligently and in accordance with the Charter Documents, Applicable Law and in the interest of the company.

- 7.2 Directors are required to comply with Company Policies in relation to disclosing and managing conflicts of interest, dealing in company's securities and other rules applicable to directors as may be adopted by the Board from time to time.
- 7.3 Directors are expected to observe the highest standards of corporate governance and act in a manner consistent with the company's core values and code of conduct.

8. RELATION WITH STAKEHOLDERS

- (a) **Shareholders:** The directors (through Board) should provide shareholders with all relevant information as is required under the Applicable Law and must recognize, respect and protect the rights of shareholders and ensure equitable treatment of all shareholders in the same class of issued shares whether minority, institutional or foreign.
- (b) **Customers:** The directors should ensure that the company's customers are put first and the company provides them with a stable supply of high-quality products that consistently meet safety standards.
- (c) **Employees:** The directors should promote a culture in which the individuality of each person is respected and all employees (including workers) are provided with a safe, rewarding and satisfactory work environment. This would include payment of fair and timely salaries, providing proper training and education and providing fair performance appraisal and career growth opportunities.
- (d) **Society:** The directors should look for ways through which the company can give back to the society and collaborate with local governments and organisations to implement activities for the welfare and benefit of the society. The directors should also look to conserve the natural resources to the extent possible.
- (e) **Business Partners:** The directors should procure that the company conducts fair and open transactions with its business partners, sharing their policies and goals with them. However, this should not breach the confidentiality obligations or proprietary information of SMG or its trusted partners.
- (f) **Government:** The directors should look to promote the welfare policies and initiatives of the government through / by the company. The directors should also procure that all dues to the government are timely paid and unethical practices of avoiding taxes and statutory dues are not adopted in the company.
- (g) **Creditors/Investors:** The directors should ensure that the safety of creditors' /investors' investment is maintained safely, fair and timely interest amounts are paid and their interests are not prejudiced. The directors should also ensure participation of creditors/investors' in the affairs of the company

to the extent required under Applicable Law or under the contracts executed with them.

- (h) **Competitors:** The directors should procure that the company promotes a healthy and competitive spirit. The company should neither use unfair means to succeed in business nor defame its competitors.

9. LIABILITIES OF DIRECTOR

9.1 As a general rule, since the company and its director are separate entities, the directors have no personal liability on behalf of the company. Typically, a director is considered as an “officer in default” for a default by the company, where, the ‘default’ cannot be attributable to a specific individual or officer of the company through facts or under Applicable Law. Given the powers and responsibilities associated with the director’s role, a Director can potentially be liable under various legislations. Broadly, the liability¹ of a director can be classified under the following heads:

- (a) **Civil:** Directors may be liable for various heads of civil liability, such as for: actions for breach of duty (taken by the board of directors on behalf of the company); derivative claims (brought by a member on behalf of the company); or winding up petitions (brought by creditors on just and equitable grounds). The consequences of a breach of duty may be damages (*for instance*, in the case of damages suffered by a person upon relying upon any misleading statements in offer documents), an injunction or the payment of compensation, restoration of the company’s profits, an account of profits made by the director or rescission of any contract made in breach of duty (*for instance*, in case of execution of contracts where the interests are conflicted).
- (b) **Criminal:** Under certain circumstances, a director may be held criminally liable for his actions including actions on account of gross negligence or misconduct. These circumstances can arise pursuant to inability of the company to pay income tax, losses resulting from any fraud on part of the directors, misstatement in the prospectus, as a result of product liability etc.
- (c) **Disqualification:** directors who fail to perform their duties or carry out any misconduct may be disqualified. In some of the cases the office of director shall automatically stand vacated. In some jurisdictions, this may also result in disqualification of the director for appointment in other companies as well.

9.2 Knowledge of default etc.

A Director, who is aware of a contravention or of a non-compliance, including by virtue of their receipt of any document or any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention or non-compliance had taken place with his consent or connivance, may be considered as an ‘Officer in Default’ by the concerned regulator and be

¹ The liability of a director/board will vary with the nature of activities involved.

liable for penalty or punishment as per Applicable Laws.

10. JOINING, INDUCTION, TRAINING AND CONTINUING EDUCATION OF DIRECTORS

- 10.1 Upon joining as a Director on the Board, a Director will be required to provide consent for his appointment to Board of the respective company. The Company will provide Code of Conduct and Motherson Group policies. The Director is expected to go through such policies and provide his acceptance to the Code of Conduct and Motherson Group policies within 10 days of their joining.
- 10.2 Directors are expected to participate in an induction program that is tailored to effectively orient the Director to the Company's business, strategies, objectives, policies, procedures, operations, senior management and the business environment. The induction will also include all the necessary information required by a member for effective performance on the Board including arranging visit of the manufacturing facilities.
- 10.3 Business briefings will be provided to directors at each Board Meeting. In addition, each director will participate in continuing education programmes conducted for directors, on matters relevant to their role as directors and key business and industry developments.
- 10.4 Motherson Group will conduct periodic training for role, responsibility, duties and liabilities of Directors and such dates be circulated on annual basis. Each of the Director of the Company is requested to attend such training modules.

11. EVALUATION OF BOARD AND DIRECTORS PERFORMANCE

The Board of each company under the Motherson Group should evolve a process of Board Evaluation which helps in strengthening and continuously improving Board performance and helps the Board Members to deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics and pave way for Best Corporate Governance Practices to be adopted by the Motherson Group.

12. An indicative list of key Do's and Dont's for a director are set out in **Annexure – A**.

CHARTER FOR THE DIRECTORS' MEETING

Governance starts from the Top!

Board of Directors provide the leadership and accountability that determine the success of a company or organisation. The Directors are appointed to act on behalf of the shareholders to look after the affairs of the organisation and guide the management. Directors hold a position of trust. The primary responsibility of the Board is to ensure the Company's prosperity and success by collectively directing the Company's affairs, whilst meeting appropriate interests of its shareholders and stakeholders in a compliant manner.

Board meetings enable directors to discharge their responsibility to control the Company's overall functioning, strategy, policies and to monitor the exercise of delegated authority. A framework of clearly established standards of good practice, this Charter enables all Directors, including non-executive directors, to be appraised and supported with the professional development necessary to ensure optimum performance.

Motherson Group has vision that constitution of Board and Board Meetings are for establishing and monitoring highest level of governance standards by the Company and are not merely for statutory compliances. Accordingly, the Board needs to place equal emphasis on the business or financial matters of the Company and thus discourage the practise of only decision making for statutory matters. Further, in addition to business and financial issues, the Board of the Company deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics. The Board provides leadership and accountability that determine success of a company or organization.

The Board is authorized to exercise all such powers as the Company is authorized to exercise, except those which, under Applicable Laws, can only be exercised by shareholders of the Company.

While discharging Board functioning, the Directors are expected to ensure declaration of conflict of interest and conduct themselves in a fair and equitable manner while protecting the interest of shareholders including the minority interest.

1. CONSTITUENTS OF THE BOARD

- 1.1 The Board of the Company must have only such members who can contribute adequate time and bring efficiency in Board functioning. The members of the Board are expected to have knowledge and expertise which are necessarily required for discharging their function as a director of the Company.
- 1.2 Without prejudice to the aforesaid requirement, the Board of the Company is required to be constituted in accordance with Applicable Laws, contractual obligations, such as, Joint Venture Agreement / Shareholders Agreement, Lenders' covenants (as the case may be).

- 1.3 The Board of Director shall appoint the Chairperson of the Company who shall act as the Chairperson of the Board. If the Company does not have a Chairperson or if the Chairperson is unable to attend the Meeting, the director may elect one of themselves to be the Chairperson of the Board.
- 1.4 The Board's Secretary of the Company, if any, shall act as the secretary of the Board ("**Secretary**"). If the Company does not have a Board's Secretary, the Members may elect a Member as the Secretary to the Board. The Board's Secretary shall be permanent invitee for the Board Meetings (excepts items determined as confidential by the Board) and shall be responsibility for circulation of notice, agenda, board meeting minutes and extend all secretarial assistance to the Board and the Directors.

2. BOARD MEETING ORGANIZATION

2.1 Frequency of the Meetings

Subject to Applicable Laws, Motherson Group mandates for following frequency of the Board Meetings:

- Operating Company: The Board of the Company shall meet at least once in every calendar quarter and gap between two consecutive meetings should not be more than 120 days. Accordingly, at least four (4) Board Meeting needs to be held in each calendar year.
- Non-Operating Company: The Board of each such Company shall meet at least one in every half year including for adoption of annual financials. Accordingly, at least two (2) Board Meetings need to be held in each calendar year.
- Holding Company: The Board of each such Company shall meet at least once in every calendar year including for adoption of annual financials.

An adjourned Meeting being a continuation of original meeting and the interval period in such a case will be counted from the date of original meeting.

2.2 Quorum

- 2.2.1 The quorum for a meeting of the Board shall be one-third of its total strength or two directors, whichever is higher. The Quorum for a meeting of the Board should be present throughout the meeting of the Board. Further, the quorum must always consist of such directors (such as Independent Directors or nominee directors) as may be required under Applicable Law or contractual obligations.
- 2.2.2 A director interested in any matter (directly or indirectly) will not be considered for the purposes of quorum. Where at any time the number of interested directors exceeds or is equal to two-third of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

2.3 **Matters to be placed**

In addition to items seeking approval from the Board as per Applicable Laws, the Board agenda will include all items of key importance and material for the functioning of the Company. A suggestive list of items to be discussed, noted and approved at Board Meeting is enclosed as **Annexure – B**. However, suggestive list would serve as a guide and the Board may carry out additional functions.

Further, considering business requirements, the Board of Director of the Company may by way of a board resolution decide to delegate certain matters to a committee of directors and/or managerial personnel provided that the minutes of such committee be circulated to all the directors of the Company and the Chairperson of such committee provide periodic update on its functioning at the meeting of the Board of Directors.

3. **PROCESS OF BOARD MEETINGS**

3.1 **ATTENDANCE AT THE MEETINGS**

3.1.1 Motherson Group encourages participation of all the directors at all the meetings. The participation of directors in a meeting may be either in person or through video conferencing which are capable of recording and storing the proceedings of such meeting along with date and time.

3.1.2 The proceedings of the Meeting are confidential and thus “need to know” principle should be strictly adopted for inviting any of the company’s or group company executive / employees at any meeting.

3.1.3 Upon specific requirement, the Board’s Secretary upon the advice of the Chairman, will invite such executives as the Chairperson considers necessary to be present at the meetings, who shall have no voting rights. Unless required by the Chairman, as far as possible, an invitee to a Meeting should be present and participate in discussion for relevant agenda item only.

3.1.4 Leave of absence to a Director

Leave of absence shall be granted to a Director only when a request for such leave has been received by the Board’s Secretary / Executive Co-ordinator / Secretary or by the Chairman. The office of a Director shall become vacant in case the Director absents himself from all the Meetings of the Board held during a period of twelve months with or without seeking leave of absence.

3.2 **NOTICE OF THE MEETING**

3.2.1 Notice convening a Meeting shall be given in writing at least seven (7) days before the date of the meeting unless the Chairperson and/or the Constitution Documents prescribe a longer period. The notice convening Meeting needs to be circulated

preferably by electronic mode and should specify serial number, day, date, time and full address of the venue of the meeting and web-link for participation by means electronic means by any of the director.

- 2.3.2 In case of an urgent matter, a Board Meeting can be held by giving a shorter notice with the consent of the Chairperson or majority of directors.
- 2.3.3 Board's Secretary shall issue notice for the Board Meeting to all the Directors.

3.3 AGENDA FOR THE MEETING

- 3.3.1 Each item of business requiring approval / discussion at the Meeting shall be supported by a note setting out the details of the proposal, relevant material facts that enable the directors to understand the meaning, scope and implications of the proposal and the nature of concerns or interest, if any, of any Director in the proposal, which the Director had earlier disclosed.
- 3.3.2 For preparation of the Agenda documents, the Board's Secretary will circulate an email seeking (a) details of any item requiring approval; or (b) Action Taken Report (*defined below*) for each of the discussed outstanding item at previous Meeting at least twenty-one (21) days prior to the date of the Meeting to all concerned.
- 3.3.3 At least fifteen (15) days before the Meeting, the respective Head(s) should provide detailed summary along with supportive documents for Agenda item to be placed at the Meeting for approval.
- 3.3.4 On basis of information received from respective Head(s) and considering Applicable Laws, the Board's Secretary shall prepare and circulate draft agenda to the Chairperson at least ten (10) days before the meeting for the perusal and inputs / approval by the Chairman.
- 3.3.5 Only post approval by the Chairman, the Agenda, setting out the business to be transacted at the Meeting and notes of Agenda shall be given to the Directors along with the Notice for convening the Board Meeting.
- 3.3.6 Upon receipt of Agenda, a Director may seek further information(s) / clarification(s) as is required and thereupon the Board's Secretary shall arrange the clarification / information sought by the respective Director.
- 3.3.7 As a principle, except any price sensitive information, all information, presentation and documents for the Board Meeting needs to be attached with the Agenda so that the Directors can participate and make informed decision at the Board Meeting. However, an unpublished price sensitive information (*viz.*, Financial Results, Declaration of Dividend, Change in Capital Structure, Mergers/ Demerger/ Acquisition/ Delisting/ disposal/ expansion of business, Change in Key Managerial Person, Material Event in terms of Listing agreement) may be given at shorter period, with the consent of a majority of the Directors including one Independent Director (if any).

3.3.8 Supplementary Agenda

Only in case of an extreme urgency, any item seeking an approval at the Meeting may be circulated to the Directors as a supplementary agenda item only with specific approval of the Chairman. However, such a supplementary agenda item must have arisen during the period of fifteen days (15) days, i.e., post the period of sending information for inclusion in the agenda.

3.3.9 The details agenda for the Board Meeting along with complete pre-read or presentation to be made to the Board of Directors (except any price sensitive information) needs to be circulated to the Directors at least 7 days prior to the Board Meeting date.

3.4 ATTENDANCE AT MEETING

3.4.1 Every company shall maintain attendance register for the Meeting of the Board which shall contain the following:

- (a) Serial number of the meeting
- (b) Date of the meeting
- (c) Place of the meeting
- (d) Time of the meeting
- (e) Name and signatures of the directors, the Board's Secretary and also of persons attending the meeting by invitation and their mode of presence (if participating through electronic mode).

3.4.2 The attendance register shall be in the custody of the Board's Secretary.

3.4.3 Video Conferencing for Meeting of Board (optional or at the requirement of a Director)

- (a) The notice of the meeting shall inform the directors regarding the option available to participate through video conferencing mode and shall provide all the necessary details to enable the directors to participate through video conferencing.
- (b) A director intending to participate through video conferencing shall give prior intimation to that effect sufficiently in advance or may intimate about such participation at the beginning of the calendar year and such declaration shall be valid for one year though he/she may participate any meeting in person.
- (c) At commencement of the meeting, a roll call shall be taken by the Chairperson when every director participating through video conferencing shall state for records purposes:- (i) name (ii) the location from where he is participating; (iii) that he has received the agenda and all the relevant material for the meeting; (iv) that no one other than the concerned director is attending or having access to the proceeding of the meeting at the participating location.

- (d) If a statement of a director in the meeting through video conference is interrupted or garbled, the Chairperson of the Board's Secretary shall request for a repeat or reiteration by the Directors.
- (e) If a motion is objected to and there is a need to put it to vote, the Chairperson shall call the roll and note the vote of each director who shall identify himself while casting his vote.
- (f) At the end of discussion on each agenda item, the Chairperson of the meeting shall announce the summary of the decision taken on such item along with names of the directors, if any, who dissented from the decision taken by majority.
- (g) The minutes shall disclose the particulars of directors who attending the meeting through video conferencing.
- (h) The Secretary shall be responsible to keep safe custody of Video Conference recording for minimum period of eight (8) years.

3.5 PARTICIPATION AT THE BOARD MEETING

3.5.1 Motherson Group promotes effective and constructive participation by all the Members of the Board at its meeting. In this respect, following guidelines are suggested for participation at the meeting of the Board of Directors:

- (a) Each Director will have right to participate, seek further information, review necessary documents while participating at the Board Meeting;
- (b) A Director interested in any item placed before the Board, either directly or indirectly, shall disclose their interest to the members of the Board and abstain himself for participation at such Board Meeting. Further, presence of such a director will not be considered for the purposes of quorum;
- (c) Any director who wish to abstain from voting in any item (i.e. other than interested item) or wish to vote against a motion placed before the Board, may do so during discussion or voting for the respective item.
- (d) During discussion at any item, participants may suggest corrective actions, follow-up actions in respect to any of the item placed before the Board. The Board's Secretary shall make note of each of the item for which the Board has suggested an "**Action To Be Taken (ATR)**" and follow-up with concerned department for a status update at the immediate subsequent meeting of the Board.
- (e) The management of the Company is duty bound to provide all necessary assistance and support to the concerned director, as may be required, for discharging function in the capacity of a director of the Company.

3.6 VOTING AT THE BOARD MEETING

- 3.6.1 At every Board meeting, the decision will be determined by majority vote unless required to be approved by unanimous vote under Applicable Laws or under contractual obligation of the concerned company.
- 3.6.2 Further, voting at Board Meeting will be subject to the Constitution Documents. The Board's Secretary of the Company shall periodically apprise the Board for any specific requirement of affirmative consent by any Joint Venture Partner and/or creditors (if any) or as per the Constitution Documents of respective Company.
- 3.6.3 Unless provided in the Constitution Documents of the Company, the Chairperson of the Board shall not have a casting vote.

4. MINUTES OF THE BOARD MEETING

- 4.1 The Board's Secretary of the Company will be responsible for drafting minutes of the meeting.
- 4.2 While recording the proceedings of the meeting, the minutes should contain the following:
- (a) The names of the officers in attendance and invitees for special items.
 - (b) Names of directors who sought and were granted leave of absences.
 - (c) If any Member has participated only for a part of the Meeting, the agenda items in which he had participated.
 - (d) In case of a Member or a director joining through video or teleconference the place from and the agenda items in which he participated.
 - (e) The fact that an interested director did not participate in the discussion or vote.
 - (f) The fact of dissent or abstain of director and the name of the member who dissented or abstained from the decision.
 - (g) The resolutions sent for passing by circulation along with the decisions thereon.
 - (h) Noting of the minutes of last meeting.
 - (i) Detailed discussion on each of the proposal placed before the Board for noting and/or approval.
 - (j) Status update on each of ATR.
- 4.3 Draft Minutes needs to be circulated to all directors within fifteen (15) days from the date of the Board Meeting by the Board's Secretary and thereupon the directors need to give their comments (if any) within 7 days of circulation of draft.
- 4.4 If the director does not give his comments, the circulated minutes shall be deemed to have been approved. If the comments are received after seven (7) days the

Chairperson has the discretion to consider such comments and instruct modification in the minutes.

- 4.5 Minutes of the meeting shall be entered in the Minutes Book within thirty (30) days from the date of conclusion of the Meeting.
- 4.6 Minutes of the meeting of Board shall be signed and dated by the Chairperson of the Meeting or by the Chairperson of the next Meeting. The Chairperson shall initial each page of the minutes, sign the last page and append to such signatures the date on which and the place where he has signed the minutes.
- 4.7 Within 15 days of signing of the Minutes, a copy of said signed minutes, certified by the Board's Secretary or in absence of the Board's Secretary by a person authorised by the Board shall be circulated to all the directors.

5. ACTION TO BE TAKEN REPORT

- 5.1 Simultaneously upon circulation of draft minutes to the directors, the Board's Secretary will circulate outstanding and/or ATR arisen from the discussion of the board meeting(s) to all concerned for compliance and reporting back to the Board of Directors.
- 5.2 ATR is vital tool and means for effective board governance and functioning. Therefore, the management team to provide greatest attention to ATR process and ATR should be adhered in *letter and spirit*.

6. RESOLUTION BY CIRCULATION

- 6.1 During two Board Meetings, only such items as requiring urgent approval of the Board may be circulated to the directors for their approval.
- 6.2 A resolution in draft together with the necessary papers, if any, should be sent to all the directors at their address registered with the Company or through electronic means. Further, such circular resolution must have been approved by majority of the directors or members, who are entitled to vote on resolution. However, in case not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the Chairperson shall put the resolution to be decided at a meeting of the Board.
- 6.3 A circular resolution needs to be noted at a subsequent meeting of the Board and made part of the minutes of such meeting.

AUDIT COMMITTEE

The role of Audit Committee is to assist the Board in its function towards corporate governance and specifically in financial matters of the Company. The key objectives of the Audit Committee are for overseeing:

- (a) accuracy, integrity and transparency of the Company's financial statements;
- (b) compliance by the Company with Applicable Laws and also the Company Policies;
- (c) qualification and independence of the external auditors;
- (d) performance of the external auditors and the internal audit functions of the Company; and
- (e) adequacy and reliability of the internal control system within the Company.

1. APPLICABILITY

1.1 In addition to the requirement of constitution of an Audit Committee under Applicable Laws, each SMG entity will be required to constitute an Audit Committee which has:

- (a) any of its securities listed on a stock exchange in any jurisdiction;
- (b) has a share capital of equivalent to INR 100 million or turnover equivalent to INR 1000 million or outstanding loans / borrowing / debentures etc. equivalent to INR 500 million more; or
- (c) in the opinion of the Board of such Company is required to constitute an Audit Committee.

2. COMPOSITION AND STRUCTURE

2.1 The Committee shall comprise of at least three Directors as members of the Audit Committee (**Members**) with at least two third of the members of the Audit Committee shall be Independent Directors, where, there are independent directors on the Board. All the members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

2.2 The members of the Audit Committee shall elect a Chairperson from amongst themselves. The Chairperson of the Audit Committee shall be an Independent Director where, there is an independent director on the Board. Further, the Chairperson of the Audit Committee shall be present at Annual General Meeting to answer shareholders queries.

2.3 The Chief Financial Officer or the director (Finance) of the Company shall be permanent invitee to the Audit Committee. Further, the Auditors' of the Company and key managerial personnel shall have a right to be heard in the meetings of Audit Committee when it considers the Auditors' Report but shall not have the right to vote.

2.4 The Board's Secretary of the Company, if any, shall act as the secretary of the Committee (**Secretary**). If the Company does not have a Board's Secretary, the

Members may elect a Member or any official of the Company to act as the Secretary to the Audit Committee.

3. AUDIT COMMITTEE ORGANIZATION

3.1 Frequency of the Meeting

Subject to Applicable Laws, the Committee shall meet at least twice or more in every financial year as the Audit Committee deems necessary.

3.2 Quorum

The quorum for Committee meeting shall be two members or one third of the members of the Committee, whichever is greater. The quorum should also include with at least two independent directors where, there are independent directors on the Board of the Company.

3.3 Power to investigate

The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. Further, the Committee shall meet with the representatives of the Company's material / major subsidiaries (if any) regarding their systems of internal control, results of audits, integrity of financial reporting and other financial matters as the Audit Committee may deem fit.

4. ROLES AND RESPONSIBILITY

4.1 The Committee will have unrestricted access to all staff and advisers of the Company. The Committee may take independent legal, financial, remuneration or other professional advice or assistance, at the reasonable expense of the Company, in carrying out its functions.

4.2 The Committee shall have access to the services of the Company's secretariat function on all Committee matters, including assisting the Committee Chairperson in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

4.3 The Committee shall meet periodically with management, the internal auditor and the external auditor, in separate executive sessions, as deemed fit by it.

4.4 The roles and responsibilities of the Audit Committee are as set out in **Annexure – C**.

5. REPORTING PROCEDURES

The Chairperson of the Audit Committee shall report from time to time to the Board on the deliberations of the Committee.

6. The Committee shall follow similar (a) Process of Meeting; (b) Minutes of Meeting; (c) Action To-Be Taken; and (d) Resolution by Circulation, as set out for the Board meeting.

NOMINATION AND REMUNERATION COMMITTEE

The purpose of the Nomination and Remuneration Committee (“NRC”) of the company is to:

- (i) identify persons who are qualified to become directors and who may be appointed in senior management roles 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;
- (ii) 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;
- (iii) formulation of criteria for evaluation of Independent Directors and the Board;
- (iv) devise a policy on Board’s diversity;
- (v) produce the Committee’s report on the remuneration policy and evaluation criteria to be included in the Annual report of the company; and
- (vi) ensure succession planning for the key human resource of the company.

1. APPLICABILITY

1.1 In addition to the requirement of constitution of NRC under Applicable Laws, each entity under the Motherson Group will be required to constitute NRC Committee which has:

- (a) any of its securities listed on a stock exchange in any jurisdiction;
- (b) has a share capital of equivalent to INR 100 million or turnover equivalent to INR 1000 million or outstanding loans / borrowing / debentures etc. equivalent to INR 500 million more; or
- (c) in the opinion of the Board of such Company it is required to constitute a Committee.

2. COMPOSITION & MEMBERSHIP

2.1.1 NRC shall comprise of three or more non-executive directors out of which not less than one half shall be Independent Directors (where there are Independent Directors on the Board).

2.1.2 The Chairperson of NRC shall be an Independent Director where, there is an independent director on the Board of the Company. The Chairperson of the Board may be appointed as a member of NRC but shall not Chair such Committee.

2.1.3 The Board's Secretary of the Company, if any, shall act as the secretary of NRC ("**Secretary**"). If the Company does not have a Board's Secretary, the Members may elect a Member as the Secretary to NRC.

2.1.4 The Chairperson of NRC shall be present at the Annual General Meeting of the Company, to answer the shareholders' queries.

3. NRC ORGANIZATION

3.1 Frequency of the Meeting

The Committee shall meet at least twice or more in every financial year as the Audit Committee deems necessary.

3.2 Quorum

The Quorum for Committee meeting shall either be two members or one third of the members of the committee, whichever is greater.

4. AUTHORITY, ROLES AND RESPONSIBILITY

4.1 The Committee will have unrestricted access to all staff and advisers of the Company. The Committee may take independent legal, financial or other professional advice or assistance, at the reasonable expense of the Company, in carrying out its functions.

4.2 The Committee shall have access to the services of the Company's secretariat function on all Committee matters, including assisting the Committee Chairperson in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

4.3 The Head of Human Resources of the Company will assist the Committee as required and may attend the meetings of the Committee as per requirement on invitation.

4.4 The roles and responsibilities of NRC are as set out in **Annexure – D**.

5. REPORTING PROCEDURES

The Chairperson of the NRC shall report from time to time to the Board on the deliberations of the Committee.

6. The Committee shall follow similar (a) Process of Meeting; (b) Minutes of Meeting; (c) Action To-Be Taken; and (d) Resolution by Circulation, as set out for the Board meeting.

RISK MANAGEMENT COMMITTEE

The purpose of the Risk Management Committee of the Board of Directors shall be to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational and external environment risks.

The Committee has overall responsibility for monitoring and approving the risk management framework and associated practices of the Company. The risk management committee will also be responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

1. APPLICABILITY

- 1.2 Each entity under the Motherson Group will be required to constitute a Risk Management Committee which has:
- (a) any of its securities listed on a stock exchange in any jurisdiction;
 - (b) has a share capital of equivalent to INR 100 million or turnover equivalent to INR 1000 million or outstanding loans / borrowing / debentures etc. equivalent to INR 500 million more; or
 - (c) in the opinion of the Board of such Company is required to constitute a Committee (**Applicable Companies**).

2. COMPOSITION AND STRUCTURE

- 2.1 The Committee shall comprise of such number of directors and senior executive of the entity as the Board may decide, with majority of the members shall consist of members of the Board of Directors.
- 2.2 The Chairperson of the Risk Management Committee shall be a member of the Board of Directors.
- 2.3 The Board's Secretary of the Company, if any, shall act as the secretary of the Committee (**Secretary**). If the Company does not have a Board's Secretary, the Members may elect a Member as the Secretary to the Risk Management Committee.

3. COMMITTEE ORGANIZATION

3.1 Frequency of the Meeting

The Committee shall meet at least twice or more in every financial year as the Audit Committee deems necessary.

3.2 **Quorum**

The Quorum for Committee meeting shall be two members or one third of the members of the committee, whichever is higher.

4. **AUTHORITY, ROLES AND RESPONSIBILITY**

4.1 The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain external legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. Further, the Committee shall meet with the representatives of the Company's material / major subsidiaries (if any) for the risk assessment and mitigation.

4.2 The Committee will have unrestricted access to all staff and advisers of the Company. The Committee may take independent legal, financial, remuneration or other professional advice or assistance, at the reasonable expense of the Company, in carrying out its functions.

4.3 The Committee shall have access to the services of the Company secretariat function on all Committee matters, including assisting the Committee Chairperson in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

4.3 The roles and responsibilities of the Risk Management Committee are as set out in **Annexure – E**.

5. **REPORTING PROCEDURES**

The Chairperson of the Risk Management Committee shall report from time to time to the Board on the deliberations of the Committee.

6. The Committee shall follow similar (a) Process of Meeting; (b) Minutes of Meeting; (c) Action To-Be Taken; and (d) Resolution by Circulation, as set out for the Board meeting.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board needs to create a Stakeholders' Relationship Committee for assisting the Board to oversee investors' redress mechanisms in relation to the stakeholders of the Company. The term stakeholders shall include shareholders, debenture holders and other security holders of the Company.

1. **APPLICABILITY**

1.1 In addition to the requirement of constitution of Stakeholder Relationship Committee under Applicable Laws, each entity under the Motherosn Group will constitute such a Committee which has:

- (a) any of its securities listed on a stock exchange in any jurisdiction;
- (b) more than 1,000 shareholders, debenture-holders, deposit-holders and any other security holders; or
- (c) in the opinion of the Board of such Company is it required to constitute a Committee.

2. **COMPOSITION & MEMBERSHIP**

2.1 Stakeholder Relationship Committee shall comprise of not less than two directors. The Chairperson of this Committee shall be a non-executive director.

2.2 The members of Committee shall elect a Chairperson from amongst themselves.

2.3 The Board's Secretary of the Company, if any, shall act as the secretary of Stakeholder Relationship Committee. If the Company does not have a Board's Secretary, the Members may elect a Member as the Secretary to Stakeholder Relationship Committee.

3. **STAKEHOLDERS RELATIONSHIP COMMITTEE ORGANIZATION**

3.1 **Frequency of the Meeting**

The Committee shall meet as mandated by the Board of Directors and/or necessary to discharge delegated functions as may be determined by the Committee.

3.2 **Quorum**

The Quorum for Committee meeting shall be two members or one third of the members of the committee, whichever is greater.

4. **AUTHORITY, ROLES AND RESPONSIBILITY**

4.1 The Committee will have unrestricted access to all staff and advisers of the Company. The Committee may take independent legal, financial or other

professional advice or assistance, at the reasonable expense of the Company, in carrying out its functions.

- 4.2 The Committee shall have access to the services of the Company's secretariat function on all Committee matters, including assisting the Chairperson in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.
- 4.3 The roles and responsibilities of Stakeholder Relationship Committee are as set out in **Annexure – F**.

5. REPORTING PROCEDURES

The Chairperson of the Stakeholders' Relationship Committee shall report from time to time to the Board on the deliberations of the Committee.

6. The Committee shall follow similar (a) Process of Meeting; (b) Minutes of Meeting; (c) Action To-Be Taken; and (d) Resolution by Circulation, as set out for the Board meeting.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors of a Company in case mandated by the Applicable Laws, will form a committee of directors as Corporate Social Responsibility Committee (“**CSR Committee**”). CSR Committee shall have following functions:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as CSR initiatives;
- (b) recommend the amount of expenditure to be incurred on CSR activities; and
- (c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

1. COMPOSITION & MEMBERSHIP

- 1.1 CSR Committee shall comprise of three or more directors, out of which at least one director shall be an Independent Director (where the Company has Independent Directors).
- 1.2 The CSR Committee shall elect a Chairperson (“**Chairman**”) from amongst themselves.
- 1.3 The Board’s Secretary of the Company, if any, shall act as the secretary of Stakeholder Relationship Committee. If the Company does not have a Board’s Secretary, the Members may elect a Member as the Secretary to Stakeholder Relationship Committee.

3. CSR COMMITTEE ORGANIZATION

3.1 Frequency of the Meeting

The Committee shall meet as mandated by the Board of Directors and/or necessary to discharge delegated functions provided CSR Committee should meet at least two times in a financial year.

3.2 Quorum

The Quorum for Committee meeting shall either be two members or one third of the members of the committee, whichever is greater.

4. AUTHORITY, ROLES AND RESPONSIBILITY

- 4.1 The Committee will have unrestricted access to all staff and advisers of the Company. The Committee may take independent legal, financial, remuneration or other professional advice or assistance, at the reasonable expense of the Company, in carrying out its functions.

- 4.2 The Committee shall have access to the services of the Company's secretariat function on all Committee matters, including assisting the Committee Chairperson in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.
- 4.3 The suggestive list of CSR activities, which may be carried out by the Company, are as set out in **Annexure – G**.

5. REPORTING PROCEDURES

The Chairperson of the CSR Committee shall report from time to time to the Board on the deliberations of the Committee.

6. The Committee shall follow similar (a) Process of Meeting; (b) Minutes of Meeting; (c) Action To-Be Taken; and (d) Resolution by Circulation, as set out for the Board meeting.

KEY PERSONNEL

While the Board of Directors are highest authority and administrator of governance and functioning of any Company, the Board also needs to be supported by certain Key Personnel having specific identified statutory duties and professional skills. Such Key Personnel bring functional expertise to the governance and functioning to any corporate.

1. **APPLICABILITY**

- 1.1 Each entity under the Motherson Group will appoint Key Personnel which has:
- (a) any of its securities listed on a stock exchange in any jurisdiction;
 - (b) has paid-up share capital of equivalent to INR 100 million; or
 - (c) in the opinion of the Board of such Company is required to appoint Key Personnel.

2. **KEY PERSONNEL(S)**

- 2.1 Each entity under the Motherson Group required to appoint whole-time Key Personnel will appoint following:
- (i) Managing director or Chief Executive Officer or Manager and in their absence a Whole Time Director (hereinafter referred to as “**Executive Directors**”);
 - (ii) Chief Financial Officer; and
 - (iii) Board’s Secretary².
- 2.2 Considering business needs of each of the entity, the concerned company may appoint person as Managing Director, Chief Executive Officer and/or Whole-time Director as various functional heads.
- 2.3 Each of Key Personnel shall be appointed by means of a resolution of Board containing the terms and condition of the appointment including the remuneration. Further, the remuneration policy of Key Personnel is to be recommended by the Nomination and Remuneration Committee (if any).
- 2.4 Key Personnel shall not hold office in more than one company except in its subsidiary at the same time. Further, Key Personnel can take position of a Director in any other Company only with the permission of the Board.
- 2.5 Any vacancy in the office of Key Personnel will shall be filled-up by the Board within a period of six (6) months from the date of such vacancy.
3. The Role and Responsibility of each of Key Personnel will be as determined by the Board. The list of minimum roles and responsibility is enclosed as **Annexure H**.

² In India, Board’s Secretary defined as the Company Secretary.

THE WAY FORWARD

1. This Manual provides you with general information. It cannot answer every situation that may arise and shall not be construed as legal advice. Therefore, if the Board/Member has a specific situation with respect to which it needs guidance, it should consult with counsels to determine what is appropriate on a case-by-case basis.
2. In case any company does not formulate any committee of the Board and/or appoint Key Personnel, the role of responsibility pertaining to such committee or Key Personnel will stand vested with the Board and thus will be collectively responsibility for the functioning, role and responsibility of such committee / Key Personnel.
3. In case of any assistance, please feel free to reach out to the Group General Counsel's Office at ***gco_policyquery@motherSON.com***.

GLOSSARY

1. **Applicable Law** means any statute, law, regulation, ordinance, rule, judgement, rule of law, order, decree, ruling, bye-law, approval of any competent authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any competent authority having jurisdiction over company in which the director is a member on the Board.
2. **Board's Secretary** refers to any person either mandated by Applicable Law or appointed by the Board to act as facilitator for the Board functioning and shall extend all secretarial support functions to the Board and work as per the instruction of the Board. The Board's Secretary shall be responsible for circulation of notice, agenda, meeting minutes, ATR etc.
3. **Company** means M/s Motherson Sumi Wiring India Limited.
 - a.
4. **Charter Documents** refers to the certificate of incorporation, memorandum of association, articles of associations or other constitutional documents of the company by whatever name called.
5. **CFO** means the Chief Financial Officer, the whole-time Finance Director or any other person heading the finance function or discharging that function of the Company.
6. **Company Policies** means the global policies of SMG including the Anti-Bribery Policy, the Code of Conduct Policy, the Data Protection Policy, the Prevention of Harassment Policy, the Related Part Policy, the Whistle-blower Policy, the Insider Trading Policy, the Competition and Anti-trust Guidelines and such other policies as may be adopted by Company from time to time.
7. **Independent Directors** means such directors on the Board that do not have any pecuniary relationship with the Company (other than Director's remuneration) and are not related to any KMPs of the Company.
8. **Motherson Group or Group** includes all the direct and indirect subsidiaries, associate companies, group companies, partnerships and joint ventures of Samvardhana Motherson International Limited and Motherson Sumi Wiring India Limited

Annexure-A

LIST OF DO'S AND DON'TS

KEY DO'S

- ✓ Be committed to the company and Motherson Group's mission statement.
- ✓ Do know the company's Charter Documents.
- ✓ Do act on behalf of the company with utmost good faith, care, skill and due-diligence in the best interest of the company.
- ✓ Do acquire and maintain a sufficient knowledge and understanding of the company's business to enable the company to properly discharge its duties.
- ✓ Be aware of the laws affecting the company. Do follow the rules that the law provides for the company. Do consider entrusting a competent person in the company (e.g. compliance officer or the relevant department head) specifically with the task of ensuring that Applicable Laws are being complied with and such person to promptly report non-compliance to the Directors. Do get legal and accounting advice when needed.
- ✓ Do read over minutes of the Board Meetings. Do make sure minutes of meetings are accurate. This means the same as what was talked about and decided upon the meeting.
- ✓ Do carefully read over all financial reports.
- ✓ Do ensure that the Board meets regularly.
- ✓ Do make reasonable efforts to attend the Board Meetings.
- ✓ Do ensure that the agenda for meetings of the company should set out all the business proposed to be transacted and any business not explicitly listed and detailed in the agenda cannot be transacted at any meeting.
- ✓ Do make sure all board decisions follow the Charter Documents.
- ✓ Do ensure that the transaction is in the best interest of the company before approving a transaction or approving a resolution.
- ✓ Do take such care as an ordinary man might be expected to take on his own behalf in the performance of your duties.
- ✓ Do use such skills as may reasonably be expected from person of your knowledge and experience.

- ✓ Do delegate duties to a competent person and would be justified in trusting that official to perform duties honestly unless there are any grounds to raise suspicion for a reasonable man.
- ✓ Do make full and honest disclosure to the shareholders regarding all important matters relating to the company.
- ✓ Do act honestly, act diligently, keep good records of how the company is directed and controlled.
- ✓ Do show leadership and discharge director's duties. Do oversee things the company does.
- ✓ Do disclose conflicts of interest. If the directors are also directors on the board of another Company which undertakes a competing business, do ensure that information, opportunities and prospects in relation to the business which the Director of a company should not be used for the benefit of another company.
- ✓ Do ensure a culture of good communications. Be knowledgeable. Do keep knowledge up-to-date. Spend the time that the job requires. Do read all the documents (including the agenda papers, resolutions and reports) provided to them in their capacity as director and ask questions in relation to any matters which appear suspicious or out of the ordinary, before you precede to cast your vote.
- ✓ Do exercise good, independent business judgement. Do be informed about any decisions you must make. This means make sure you have enough time and information to make good decisions. Do make decisions using appropriate material. Do take good advice to help make decisions including lawyers, accountants.
- ✓ Do ensure that the relevant comments/ questions raised by the directors during the Board Meeting and all assurances/ representations made by the executive directors, management or promoters in this regard are also recorded in the board minutes, since the board minutes are conclusive evidence of the proceedings at the Board Meeting.
- ✓ Do maintain copies and records of all documents (including agenda papers, resolutions and reports) and correspondence provided to you.
- ✓ Do ensure that in relation to all contracts of the company with the directors and other related party contracts, the prescribed disclosure/ consent requirements are complied with and special care is taken to ensure that the contract is in the interest of the company.
- ✓ Do acquaint yourselves with the code of conduct and whistle blower policies of the company (where applicable) and make reporting as required under the same.

- ✓ Do ensure that each of the relevant competent persons in relation to the relevant subject has certified compliance by the Company with the legal/ compliance requirements, for instance, the audit committee and the auditors in relation to the accounts, the secretary in relation to corporate compliances etc. before you sign off on any documents/ matters.
- ✓ Do ensure that the company obtains director and officer liability insurance. The insurance policy should contain:
 - a) Appropriate severability provisions in relation to statements/ actions by other directors/ officers such that statements/ conduct of one director cannot be imputed as conduct of another director.
 - b) Appropriately wide definitions of claim (e.g. should cover all actions including investigations, questioning) and loss (e.g. legal expenses required in appropriate jurisdictions)
 - c) Suitable provisions allowing director claims by the insured, since the Company and director may have divergent interests);
 - d) Provision for emergency costs/advance costs which can be incurred without the prior approval of the insurer.
 - e) Provisions of retention of separate legal representation in case of conflict of interests between any insured etc.
- ✓ Do help with deciding on annual budget and strategic planning (planning how to reach company's goals in future).
- ✓ Do resign if you have any personal prejudices or beliefs that are not the same as the company's mission.
- ✓ Do place interest of the company above your own. Do actively avoid any potential or appearance of conflict of interest.
- ✓ Do accurately report the company's financial and other positions. Do meet the company's reporting responsibilities with honesty and good faith. Do keep accurate written track of accounts, financial records, and meeting minutes of the company.
- ✓ Do portray accurately the company's programmes and objectives to the general public and government authorities who ask.

KEY DON'TS

- × Do not engage in acts which are ultra vires the Charter Documents.
- × Do not take up a matter which is not on the agenda of Board Meetings except with the prior written consent of all the directors.
- × A director is not bound to give continuous attention to the affairs of his company, his duties being an intermittent nature to be performed at the periodical Board Meetings.
- × Do not exercise the powers conferred upon you for purposes different from those for which they were conferred.
- × Do not let your discretion (in discharging your responsibilities) be fettered.
- × Do not place yourselves in a position of conflict between your fiduciary obligations to the company and your personal interest.
- × Do not act in anyone's interests other than company's interest.
- × Do not act dishonestly or recklessly.
- × Do not be involved in wrongful or fraudulent trading.
- × Do not take bribes/personal gain.
- × Do not withhold information that is relevant to the Board's decisions during Board Meetings.
- × Do not break the law.
- × Do not make assumptions/fail to challenge.
- × Do not act for competitors of the company.
- × Do not approve or sign important documents without knowing what's in them.
- × Do not abdicate your responsibilities.
- × Do not disclose confidential (private) information.
- × Do not do acts or signs documents on behalf of the company without specifying the name of the company in the manner authorized by the company.
- × Do not deliberately pay or negligently instrumental in paying dividend out of capital which is not in accordance with the Applicable Law.

- × Do not make a negligent misstatement in the director's report.
- × Do not consider that your duties have come to an end upon tendering your resignation, especially if you cease by resignation with a view to taking advantage of the current business opportunities of the company.
- × Do not discard your duty to attend vigilantly any court proceeding against the company.
- × Do not omit taking into account the interest of the shareholders and creditors of the company.
- × Do not ignore your duty to ensure that affairs of the company are properly conducted and that its property is not dissipated or exploited for the benefit of the directors themselves and to the prejudice of its creditors.
- × Do not appropriate for your own benefit a commercial or corporate opportunity which the company is pursuing or is in a position to pursue and of which you become aware by reason of your office as director.
- × Do not exploit a corporate opportunity in which the company has any interest or expectancy as an ex-director of the company.

Annexure – B

Indicative List of Matters requiring Approval / Review / Noting at Board Meeting

List of Matters requiring Approval/Review/Noting in Board Meeting is placed below:

1. Start of Proceeding of Meetings

- 1.1. To elect a Chairperson of the Meeting (if applicable)
- 1.2. To grant leave of absence to Directors not present at the Meeting
- 1.3. To note the Minutes of the previous Meeting
- 1.4. To note the action taken in respect of the earlier decisions of the Board
- 1.5. To note Resolutions passed by circulation since the last Meeting, if any
- 1.6. To note minutes of Meetings of Board Committee(s)
- 1.7. To note certificate of statutory compliance(s)

2. Directors (including, where applicable, Alternate Directors)

- 2.1 To read and take note of the disclosure of interests by Directors
- 2.2 To read and take note of disclosure of shareholdings of Directors in the company and its holding / subsidiary / associate company
- 2.3 To read and take note of declarations by Independent Directors that they meet the criteria of independence
- 2.4 To sign the register of contracts in case mandated under Applicable Laws
- 2.5 To give consent to a contract, wherever applicable in which a Director(s) is/are interested
- 2.6 To consider appointment(s) and fixation of Remuneration(s) of key managerial personnel
- 2.7 To consider and to give consent for the appointment of a Managing Director / Manager
- 2.8 To take note of nomination of Director(s) made by financial institution(s)/ BIFR/ Central Government/bank(s) where applicable
- 2.9 To appoint Independent Directors, Additional Directors(s) or Director to fill the casual vacancy
- 2.10 To accept/ take note of resignation(s) of Director(s)/ withdrawal of nominee Director(s)
- 2.11 To consider payment of commission for Non-Executive Directors
- 2.12 To delegate powers to Managing/ Whole-time Directors or to Committees constituted by the Board where applicable

3. Related party transactions

- 3.1 To approve transactions with the Related Party which are not in the ordinary course of business or which are not on arm's length basis, through the Audit Committee, where applicable

4. Shares / Securities of the Company

- 4.1 To authorize printing of new share certificates
- 4.2 To approve transfer/ transmission/ transposition of shares
- 4.3 To authorize issue of duplicate share certificates
- 4.4 To authorize issue of share certificates without surrender of letters of allotment
- 4.5 To refuse to register transfer of shares as per Applicable Laws
- 4.6 To consider the position of dematerialized and rematerialized shares and the beneficial owners

5. Share Capital / Securities

- 5.1 To issue shares by way of fresh capital, rights' issue or bonus shares
- 5.2 To make calls on shares/securities
- 5.3 To make allotment of shares/securities
- 5.4 To forfeit shares/securities
- 5.5 To authorize buy-back of shares

6. Debentures, Loans and Public Deposits

- 6.1 To consider matters relating to issue of debentures including appointment of Debenture Trustees
- 6.2 To borrow money otherwise than on debentures and by way of Commercial Paper, Certificate of Deposit, or any other means of financing
- 6.3 To approve raising of money through public deposits
- 6.4 To approve the text of the advertisement for acceptance of public deposits and to sign the same

7. Long term loans from financial institutions/ banks

- 7.1 To authorize making applications/ availing long term loans from financial institutions/ banks and to authorise officers to accept modifications, approve the terms and conditions of loans, execute loan and other agreements and to affix the Common Seal of the company on documents
- 7.2 To accept terms contained in the letter of intent of financial institutions/banks
- 7.3 To authorize execution of hypothecation agreements and to create charges on the company's assets
- 7.4 To note the statement of total borrowings/ indebtedness of the company

8. Banking Facilities

- 8.1 To open/ operate/ close bank accounts
- 8.2 To avail bank loans
- 8.3 To renew/ enhance banking facilities including bank overdraft
- 8.4 To open special/ separate banks accounts for dividend, deposits and unpaid amounts thereof

9. Investments, Loans and Guarantees

- 9.1 To consider investment in shares / debentures of subsidiary companies or other bodies corporate
- 9.2 To consider other investments
- 9.3 To make loans to other persons (other person means any person outside the company)
- 9.4 To consider placing inter-corporate deposits
- 9.5 To consider giving guarantees for loans to other bodies corporate or security in connection with such loans

10. Review of Operations

- 10.1 To review periodic operations comprising of Financial Performance, Business Performance and Operational Performance of the Company

11. Payment of dividend

- 11.1 To consider payment of interim dividend / final dividend

12. Projects

- 12.1 To take note of the progress of implementation of modernization/ new project(s) in hand
- 12.2 To consider expansion/ diversification

13. Capital Budget / Expenditure

- 13.1 Capital budgets and any updates
- 13.2 Annual operating plans and budgets and any updates
- 13.3 To sanction capital expenditure for purchasing/ replacing machinery and other fixed assets
- 13.4 To approve sale of old machinery/ other fixed assets of the company

14. Revenue Expenditure

- 14.1 To approve CSR expenditure of the company
- 14.2 To approve donations including contributions to political parties
- 14.3 To sanction grants to public welfare institutions
- 14.4 To sanction staff welfare grants and other revenue expenditure
- 14.5 To approve writing off bad debts

15. Auditors

- 15.1 To appoint an Auditor to fill a casual vacancy in the office of the Auditor, through the Audit Committee, where applicable
- 15.2 To appoint a Cost Auditor, through the Audit Committee, where applicable

15.3 To appoint a Secretarial Auditor where applicable

16. Personnel

- 16.1 To appoint, accept the resignation of, promote or transfer any senior officer of the company (Senior Officers shall mean all employees one level below Chief Operating Officer, Chief Financial Officer and Key Personnel)
- 16.2 To approve/ amend rules relating to employment/ employee welfare schemes, and provident fund/ superannuation/ gratuity schemes of the company
- 16.3 To sanction loan limits for officers and staff or personal exigencies or for purchase of a vehicle, land, house, etc.
- 16.4 To formulate personnel policies

17. Legal Matters

- 17.1 Show cause, demand, prosecution notices and penalty notices, which are materially important
- 17.2 To discuss and to give directions on significant matters
- 17.3 To consider and take note of the status of pending litigations by and against the company
- 17.4 Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- 17.5 Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity
- 17.6 Non-compliance of any regulatory, statutory or listing requirements and shareholders service

18. To approve corporate restructuring / formation of JV

- 18.1 To consider merger/ demerger/ amalgamation/ Restructuring
- 18.2 To consider formation of joint ventures or collaboration agreement

19. HR matter / delegation of authority

- 19.1 The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the secretary to the Board
- 19.2 Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- 19.3 Nominate personnel for meeting specific regulatory requirements
- 19.4 To delegate powers to representative to attend General Meetings of companies in which the company has investments

- 19.5 To delegate powers to approve transfer, transmission, issue of duplicate share certificates/ allotment letters, etc.
- 19.6 To delegate authority with regard to signing of contracts, deeds and other documents; execution of indemnities, guarantees and counter guarantees; filing, withdrawing or compromising legal suits
- 19.7 To delegate authority with regard to registration, filing of statutory returns, declarations, etc. (in the physical or Electronic Mode) under company law, central excise, sales tax, customs and other laws
- 19.8 To delegate powers in respect of the employees of the company including matters relating to appointments, confirmations, discharge, dismissal, acceptance of resignations, granting of increments and promotions, taking disciplinary actions, sanctioning of leave, travel bills and welfare expenses, etc.
- 19.9 To delegate powers to grant advances to contractors, suppliers, agents, etc.
- 19.10 To delegate powers relating to purchase/construction and sale of stores, spare parts, raw materials, fuel and packing materials; fixed assets; shares or debentures of companies; government securities; and to fix limits up to which executives can authorise or sanction payments; operating of bank accounts etc.
- 19.11 To delegate powers to engage consultants, retainers, contractors, etc.
- 19.12 To delegate powers to provide financial assistance to employees, etc. for personal exigencies or for purchase of a vehicle, house, etc.
- 19.13 To delegate powers to allow rebates/ discounts on sales; to incur expenditure on advertisements, to settle claims, to sanction donations, etc.

20. Annual Financial Statements

- 20.1 To consider annual financial statements, through the Audit Committee, where applicable
- 20.2 To consider consolidated financial statements, if applicable, through the Audit Committee, where applicable
- 20.3 To consider recommending dividend to shareholders
- 20.4 To approve appropriation of profits and transfers to reserves
- 20.5 To take note of the Auditors' report

21. Annual General Meeting/Shareholders Meeting

- 21.1 To approve the Report of the Board of Directors
- 21.2 To ascertain the Directors retiring by rotation
- 21.3 To convene the Annual General Meeting /Shareholders Meeting
- 21.4 To consider other matters requiring shareholders' approval
- 21.5 To approve the Notice of the General Meeting and authorise the officials to issue the Notice to the Members and all other persons and to take all action as may be necessary in this regard

22. Miscellaneous matters

- 22.1 Any material default in financial obligations or substantial non-payment for goods sold
- 22.2 Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- 22.3 Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- 22.4 To consider and approve matters which require approval from Board as required by Regulatory Authorities from time to time
- 22.5 To consider matters arising out of the Minutes of the previous Meeting
- 22.6 To fix the date and venue of the next Meeting
- 22.7 Any other matter with the permission of the Chair

Note: The Board of a holding company (if deems fit) may seek status update and/or review any of the above mentioned matter(s) pertaining to its subsidiary companies.

Annexure - C

Audit Committee - Roles and Responsibilities

The responsibilities of the Audit Committee shall include the following:

1. Financial Statements

- 1.1 Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 1.2 Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board, with particular reference to the following (to the extent applicable on the Company):
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of section 134 of the Companies Act, 2013.
 - (b) Any changes in accounting policies and practices and reasons for such change.
 - (c) Major accounting entries involving estimates based on exercise of judgment by management.
 - (d) Analysis of the effects of alternative GAAP methods on the financial statements.
 - (e) Qualifications, if any, in the draft audit report.
 - (f) Significant adjustments made in the financial statements arising out of audit findings.
 - (g) Compliance with accounting standards and applicable legal requirements relating to financial statements.
 - (h) Disclosure of any related party transaction.
 - (i) Disclosure of contingent liabilities.
 - (j) The effect of regulatory and accounting initiatives as well as off-balance-sheet structures, on the financial statements.
 - (k) Company's earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.

- (l) The statement for uses/applications of funds by major category on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than as mentioned in the offer document / prospectus / notice. Such review shall be conducted till the full money raised through the issue has been fully spent.
- (m) Any other document required to be reviewed by the Committee (or a similar body) as per the Applicable Law on the Company.

2. External Audit

2.1 Hold timely discussions with the external auditors regarding:-

- (a) All critical accounting policies and practices.
- (b) All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosure and treatments.
- (c) Other material written communications between the external auditor and the management, including, but not limited to, the management letter and schedule of unadjusted differences.

2.2 Discuss with external auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion / review to ascertain any area of concern.

2.3 Review with external auditor, any audit problems or difficulties and management's response.

2.4 Resolve any disagreements of the external auditor with the management regarding financial reporting.

2.5 Recommend to the Board, the appointment, re-appointment, removal of the external auditors, fixation of audit fee and also approval for payment for any other services rendered by the external auditors.

2.6 Establish clear hiring policies for external auditors and monitoring the implementation of such policies.

2.7 Evaluate external auditors' performance, qualification and independence on an annual basis.

2.8 Obtain and review, a report by the external auditors, describing:

- (a) The firm's internal quality control procedures.
- (b) Any material issues raised by the most recent internal quality control review or peer review, of the firm, or by any inquiry or investigation conducted by governmental or professional authorities, within the preceding 5 (five) years,

with respect to one or more independent audits carried on by the firm and any steps taken to deal with any such issues.

- (c) To assess auditor's independence & all relationships between external auditor and the Company.

2.9 Pre-approval of all audit and non-audit services to be rendered by the external auditors:

- (a) To adopt a policy for review and pre-approval of all audit and non-audit services to be provided by the external auditors, so as to ensure their independence and to monitor adherence to the said Policy.
- (b) The authority to grant pre approvals may be delegated to one or more designated members of the Audit Committee whose decisions will be presented to the full Audit Committee at its forthcoming meeting.

2.10 Review, with the external auditors, information relating to the auditor's judgments about the quality, not just the acceptability, of the Company's accounting principles as applied to its financial reporting and the discussion would generally include –

- (a) such matters as the consistency of the application of the Company's accounting policies, and the clarity and completeness of the Company's financial statements, which include related disclosures.
- (b) such items that have a significant impact on the representational faithfulness, verifiability, and neutrality of the accounting information included in the financial statements.

3. Internal Audit

3.1 Review on a regular basis the adequacy of internal audit function, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.

3.2 Review the appointment, removal, performance and terms of remuneration of the Chief Internal Auditor.

3.3 Review the regular internal reports to management prepared by the internal audit department, as well as management's response thereto.

3.4 Review 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.

3.5 Conduct a post audit review of the financial statements and audit findings including any significant suggestions for improvements provided to the Management by the external auditor or internal audit team.

- 3.5 Discuss with internal auditors any significant findings and follow-up thereon.
- 3.6 Approve all permissible services to be provided by the external auditor.
- 3.7 Review reports from the internal auditors relating to the internal control weaknesses.

4. Internal Control

- 4.1 Review with the management, external and internal auditors, the adequacy of internal control systems and ensure adherence thereto.
- 4.2 Review management letters / letters of internal control weaknesses issued by statutory / internal auditors.
- 4.3 Review management's report on internal control and external auditor's attestation on management's assertion.
- 4.4 Review the findings of any 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.

5. Whistleblowing and vigil mechanism

- 5.1 The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other related matters. The Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow up action.
- 5.2 The Committee shall formulate the vigil mechanism for directors and employees to report genuine concerns. The vigil mechanism shall provide for adequate safeguards against victimization of directors or employees or any other person who avail mechanism and also provide for direct access of the chairperson of the audit committee in appropriate or exceptional cases.

6. Compliance with regulatory requirements and policies

- 6.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 6.2 Review the findings of any examinations by regulatory agencies, and any auditor observations.
- 6.3 Look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

- 6.4 Review the process of communicating the Company Policies to employees and the mechanism for its adherence by the employees and also the Company as a whole.
- 6.5 Review the report of the monitoring agency appointed by the Company, to monitor the utilization of proceeds of such public / rights issue and make appropriate recommendations to the Board.
- 6.6 Obtain regular updates from management and company legal counsel regarding compliance matters.

7. Risk Management

- 7.1 Discuss with the management, the Company's policies with respect to risk assessment and risk management, including appropriate guidelines to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.

8 Related party transactions

- 8.1 Review the statement of significant related party transactions submitted by the management, including the 'significant' criteria/thresholds decided by the management.
- 8.2 The following details shall be placed periodically before the Audit Committee to oversee the potential conflict of interest situation:
 - (a) Statement in summary form of transactions with related parties in the ordinary course of business;
 - (b) Details of material individual transactions (*'materiality' threshold to be defined by the management and reviewed by the Audit Committee*) with related parties which are not in the normal course of business; and
 - (c) Details of material individual transactions (*'materiality' threshold to be defined by the Audit Committee*) with related parties or others, which are not on arm's length basis, together with Management's justification for the same.

9. Subsidiary company oversight

- 9.1 Review the financial statements, in particular, the investments made by the unlisted subsidiary companies.
- 9.2 Review the appointment, compensation, oversight of the auditor's work, etc., for each subsidiary company of the Company as well as the audit committees of the respective subsidiaries, as per the following functions for each subsidiary company will be performed / reviewed by the audit committee of the respective subsidiary company and that of the Company:

- (a) appointment of the auditors;
- (b) fixation of remuneration of the auditors;
- (c) pre-approval of all services;
- (d) compliance regarding prohibited services; and
- (e) review / oversight of the work done by the auditors.

10. Disclosure Requirements and Reporting

10.1 To the extent required by Applicable Law, the Committee shall publish this Charter on its website or in the annual report of the company each year a significant amendment is made to this Charter.

10.2 Disclose in Company's annual report whether or not, with respect to the concerned fiscal year:

- (a) The management has reviewed the audited financial statements with the Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting Company's financial statements;
- (b) The independent auditors have discussed with the Committee their judgment of the quality of those principles as applied and judgments referred to the above, under the circumstances; and
- (c) The Members have discussed among themselves without the management or the independent auditors being present, the information disclosed to the Committee.

10.3 Ensure that the following is disclosed in the annual report:

- (a) number of meetings held in a financial year;
- (b) the composition of the Committee, setting out the name, qualification, field of specialization, status of directorship held;
- (c) number of meetings attended by the Directors and Members; and
- (d) details of remuneration paid, if any, to the Independent Directors.

11. Other duties

11.1 Reviewing with the management and independent auditors any prospectus or such other document including financial statements contained therein, proposed to be issued by the company for the purpose of raising capital including debt.

11.2 Assist management in carrying out management's obligations of fostering a culture of co-operation and openness between management, the committee external auditors, internal auditors and other internal and external compliance functions.

- 11.3 Report to the Board on a periodic basis all significant matters that come to the knowledge of the Committee which impinge on internal controls, financial statements, Company's policies and statutory/regulatory compliances.

Annexure - D

Nomination and Remuneration Committee - Roles and Responsibilities

1. Annually reviewing the composition of Board, each Committee and present recommendations for Committee memberships to the Board as appropriate, including selection of Chairperson and Members for each of the committees of the Board.
2. Formulating the desired/preferred board skills, attributes and qualifications for selecting new directors and to review these skill-sets with the Board periodically - Conducting searches for prospective board members whose skills and attributes reflect the requirements those desired.
3. Evaluating the selection process of the prospective board members and making recommendation of the proposed nominees for election to the Board of Directors including to fill vacancies on the Board occurring between annual general meetings of the shareholders.
4. Evaluating and making recommendations to the Board regarding director retirements and directors' offer to resign due to changes in circumstances, in accordance with the Company's bylaws and Corporate Governance Guidelines of the Company.
5. Evaluating and recommending termination of membership of individual directors in accordance with the Board's corporate governance guidelines, for cause or for other appropriate reasons.
6. Coordinating and overseeing the annual self-evaluation of the performance of the Board and of individual directors.
7. Developing the future requirements for the Board as well as its Committees and making recommendations to the Board regarding Company's overall Corporate Governance effectiveness.
8. Developing and overseeing the execution of a formal Board member capacity building program, including such elements as orientation of new members, and continuing education and training, and a mentoring program with senior Board members.
9. The Committee shall report to the Board of Directors its conclusions with respect to the various matters including recommendations, if any, that the Committee has considered at the next meeting of the Board of Directors.
10. The Committee shall work with Chairperson to plan for CEO/ Whole time Directors/Key Managerial Personnel/Senior Management succession including plans for interim succession in the event of an unexpected occurrence and submit an annual report to the Board to nominate potential successors to CEO/ whole

time directors/Key Managerial Personnel/Senior Management personnel.

11. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
12. Recommending to the Board for approval of the annual compensation level of Whole-time Director (s), Key Managerial Personnel and Senior Management including grant of stock options based on this evaluation;
13. NRC shall, while formulating the remuneration 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.
14. Discharging the Board's responsibilities relating to compensation payable to the Whole-time Directors including payment of (i) annual base salary (ii) annual bonus, including any specific goals and amounts linked to performance (iii) equity compensation and (iv) employment agreements, severance agreements and change in control agreements, and (v) any other benefits, compensation or arrangements.

Annexure – E

Risk Management Committee - Roles and Responsibilities

1. The Committee in particular is charged with the following responsibilities:
 - (a) to review the risk philosophy, strategy, policies and risk tolerance and appetite recommended by management. The Committee will ensure compliance with such policies in accordance with the overall risk profile of the Company. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee;
 - (b) to review management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken;
 - (c) to review key risk areas and key performance indicators of the company, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control; and
 - (d) to review the risk bearing capacity of the company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.

2. In addition to the aforesaid specific responsibilities, the Committee needs to assist the Board in execution of its responsibility for governance of risk and thus the Committee shall be charged with the following general responsibilities:
 - (a) to assist the Board in setting risk strategy policies, including annually agreeing risk tolerance and appetite levels, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
 - (b) to ensure that an appropriate policy and plan for a system of risk management is developed by management, approved by the Board and distributed throughout the Company;
 - (c) to annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;
 - (d) to review and assess the nature, role, responsibility and authority of the risk management function within the company and outline the scope of risk management work;
 - (e) to ensure that the company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and

to decide the company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;

- (f) to ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually. This assessment should as a minimum cover risks affecting the income streams of the company, IT risks, the critical dependencies of the business, the sustainability and the legitimate interest and expectations of shareholders; A framework and process to anticipate unpredictable;
- (g) to oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the company's objectives are attained;
- (h) to review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- (i) to monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts; and
- (j) to provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks.
- (k) to assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function;

Annexure – F

Stakeholders' Relationship Committee - Roles and Responsibilities

1. To review and redress the grievances of shareholders, debenture holders and other security holders which may include complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared Dividends, approve issue of duplicate certificates and new certificate on split/ consolidation/renewal etc.
2. Approve transfer/transmission, dematerialization and re-materialization of equity shares / securities of the Company in a timely manner;
3. To oversee the performance of Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investors services;
4. To deal with all aspects relating to issue and allotment of shares of the Company;
5. To monitor and review any investor complaints received by the Company or through regulatory authorities and ensure its timely and speedy resolution, in consultation with the Board's Secretary or Compliance Officer and Registrar and Share Transfer Agent; and
6. To update the Board of Directors to redress various investor complaints and functioning of the Committee.

Annexure – G

Corporate Social Responsibility Committee – List of Activities

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care including preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. measures for the benefit of armed forces veterans, war widows and their dependents;
7. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. contribution to the fund(s) set up by the Government for socio-economic development and relief and welfare of the backward classes, minorities and women;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

Annexure – H

Key Personnel - Roles and Responsibilities

1. Role and responsibility of Executive Director(s) are as below:

- To design, develop and implement strategic plans for the organization
- Day-to-day operation of the organization, which includes managing committees and staff as well as developing business plans in collaboration with the board
- Accountable to the Chairperson of the Board of Directors and reports to the board on a regular basis.
- Leadership role for an organization and fulfils a motivational role in addition to office-based work.
- Motivate and mentor members, volunteers and staff.
- Lead the organization and develops its organizational culture.
- To possess knowledge of the business, its strategy and direction;
- To possess deep knowledge of the industry and the competitive pressures;
- Technical expertise in their functional area, e.g., manufacturing, finance etc.;

2. Role and responsibility of CFO are as below:

- CFO is compliance officer for all financial matter, taxation, financial institution, banks and ensure protection of fraud.
- Responsible for maintenance of books of accounts, preparation & filing of annual accounts, disclosure of financial information in offer document, risk mitigation/management, internal control etc.
- Sign the audited financial statements of the company along with those authorised by the board.
- To provide various inputs for meeting the enhanced board report requirements and support functions of the audit committee.
- Close gap between CEO expectation and ground realities.

3. Role and responsibility of Board's Secretary are as below:

- To assist and advise the Board in ensuring good corporate governance and in complying with the corporate governance requirements and best practices.
- To provide to the directors of the company the guidance they require in discharging their duties, responsibilities and powers.
- To facilitate convening of meetings and attend Board, committee and general meetings and maintain the minutes of these meetings.
- To obtain corporate approvals from the board, general meeting etc.
- To assist the Board in the conduct of the affairs of the company.
- To report to the Board about compliance.