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**TERMS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

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**TERMS OF APPOINTMENT TO BE COMMUNICATED TO INDEPENDENT  
DIRECTORS UPON CO-OPTION**

I am pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company (the “Board”), has appointed / re-appointed you as a Non-Executive Independent Director (NE-ID) of the Company, with effect from \_\_\_\_\_ for a term of 5 (five) consecutive years subject to the approval of shareholders of the Company.

**1. Terms of office:**

- 1.1 Your term as an Independent Director (“ID”) is for a period upto 5 (five) consecutive years, from \_\_\_\_\_;
- 1.2 During your tenure, you shall comply with all applicable conditions and requirements with respect to appointment of independent directors including the requirements specified under the Companies (Appointment and Qualifications of Directors) Rules, 2014, and the Companies (Accounts) Rules, 2014 and such other rules as may be issued from time to time.
- 1.3 You are aware of the maximum permissible directorships that one can hold as per the provisions of the Companies Act, 2013 and the rules framed thereunder (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Listing Regulations”) and affirm that this appointment will be within those limits;
- 1.4 You can serve for not more than 2 (two) terms of five consecutive years each on the Board;
- 1.5 This directorship is not subject to retirement by rotation during the term, as per the relevant provisions of the Act;
- 1.6 In case, you may have to resign your directorship in the Company for any reason or pursuant to any of the provisions of the Act, Listing Regulations or any of the applicable law or the articles of association of the Company or you may be required to vacate the office of directorship, it can be done at any time by you giving a letter of resignation along with detailed reasons for such resignation and also provide a confirmation that there are no other material reasons other than those provided;
- 1.7 While forwarding your intention to resign or not to seek re-appointment, it will be preferable if you give the chairman of the Board reasonable time, so that the Company can plan suitable succession to the Board;

- 1.8 The evaluation of the IDs shall be done by the Board which shall include: (a) performance of the IDs; and (b) fulfilment of the independence criteria and their independence from the management. You will participate in all evaluations except your own evaluation.
- 1.9 You will not be an employee of the Company and this letter shall not constitute a contract of employment.

## **2. Commitments:**

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

- 2.1 As an ID, you shall be governed by the Code of Independent Directors as laid down in Schedule IV of the Act. For your ease of reference, the same has been enclosed as **Annexure I** of this letter.
- 2.2 You will be expected to devote such time as is necessary for the proper performance of your duties and involve in a number of Board and committee meetings each year.
- 2.3 You should strive to attend all the scheduled quarterly meetings of the Board, meetings of the shareholders of the Company, meetings of the committees of the Board and other meetings.
- 2.4 The Company has various Committees of the Board viz., Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Administrative Committee. The Board may appoint you as chairman/ member of one or more of these committees.
- 2.5 The IDs of the Company are required to hold at least 1 (one) meeting in a year without the presence of non-independent directors and members of management with the sole objective of:
  - (a) reviewing the performance of non-independent directors and the Board as a whole;
  - (b) reviewing the performance of the chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) assessing the quality, quantity and timeliness of flow of information between the Company, management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and
  - (d) You shall strive to attend the aforesaid meeting.

- 2.6 You should disclose to the Board whether directly or indirectly or on behalf of third parties, that you have a material interest in any transaction or matter directly affecting the Company.
- 2.7 By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations of your role.

### **3. Code of conduct, functions and duties:**

As a director of the Company, your roles and duties will be those normally required of an ID under the Act and the Listing Regulations. In this regard, you will have to familiarize yourself with such roles and duties as set out in the Code for Independent Directors under Schedule IV of Act (enclosed as **Annexure I**) along with the responsibilities laid down under the Listing Regulations (enclosed as **Annexure II**);

- 3.1 The Board will constitute, assign and fix terms of service for committee members. The frequency of the committee meetings and the quorum for such meetings will be governed by the applicable provisions of the Act and Listing Regulations. Recommendations of the committees are to be submitted to the Board for approval; and
- 3.2 You will be expected to perform your duties, whether statutory, fiduciary or common law diligently to a standard commensurate with both your functions and duties and your skills, experience and knowledge.

### **4. Liability:**

As an ID, you shall be held liable, only in respect of such acts of omission or commission by the Company which had occurred with your knowledge, attributable through processes of the Board, and with your consent or connivance or where you had not acted diligently with respect to the provisions under the Act and/ or Listing Regulations.

### **5. Technology:**

- 5.1 You may attend the meetings of the Board or committee meetings through video conferencing or other audio -visual means, subject to compliance with the applicable provisions under the Act.
- 5.2 You may make use of video, telephone, e-mail, any other technology which permits each director to communicate with every other director, or any combination of these technologies for the purpose of attending meetings of the Board/ committee of the Board, in compliance with the provisions under the Act.

## 6. Conflict of interest:

- 6.1 It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.
- 6.2 In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to both the chairman and the company secretary of the Company.
- 6.3 By accepting this appointment, you confirm that, any other position you hold including your directorships in other organizations, will not give rise to any 'conflicts of interest' in relation to your appointment as an ID of the Company. Should you become aware of any conflict or potential conflict during the period of your appointment, you are expected to notify the same to the Board.
- 6.4 During the term your of appointment, you shall neither enter into any agreement directly/ indirectly, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the shares of the Company; and shall not enter into any such agreement(s) without obtaining the prior approval from the Board as well as public shareholders of the Company, wherever necessary.

## 7. Disclosures/ declarations:

- 7.1 You will have to submit certain information in the prescribed forms on a defined format periodically to the Board;
- 7.2 You will be required to disclose to the Company your interests and any matters (excluding those matters, which may be subject to legal professional privilege), which affect your independence; and
- 7.3 You shall, at the first meeting of the Board in which you participate as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an ID, submit a declaration that you meet the criteria of independence as provided under Section 149 of the Act and Regulation 16 of the Listing Regulations (in the prescribed format, which is enclosed as **Annexure III**) and that you are not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact your ability to discharge your duties with an objective independent judgement and without any external influence.

## **8. Directors' fees / remuneration:**

- 8.1 A sitting fee will be paid to you for attending each meeting of the Board as well as those of the committees of the Board wherein you are a member / chairperson, as per the provisions of Section 197 of the Act and the articles of association, as fixed by the Board from time to time;
- 8.2 You will be entitled to claim reimbursement of all your travelling, accommodation and other incidental expenses incurred by you for attending the meetings of the Board and the committee meetings and for discharging your duties, as per the provisions of the Act;
- 8.3 IDs are not entitled to any 'stock option' and will not be covered by any pension scheme; and
- 8.4 You will be entitled to receive profit related commission within the permissible limit under the applicable provisions of the Act, as determined by the Board and approved by the shareholders, from time to time.

## **9. Codes:**

In addition to the Code for Independent Directors, you will be required to abide by Code of Business Conduct and Ethics and code of conduct formulated by the Company in compliance with the requirements under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## **10. External advice:**

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

## **11. Insurance:**

You may note that the Company has taken appropriate directors' and officers' (D&O) liability insurance and all directors of the Company are the beneficiaries of the said policy.

## **12. Confidentiality and access to records:**

- 12.1 All directors have a right of access to Company's documents and records, including financial records, as per the provisions of the Act and the Listing Regulations. On request, you shall surrender any documents and other materials made available to you by the Company;

- 12.2 Attention is also drawn to the requirements under the applicable regulations and the code of conduct formulated by the Company in compliance with the requirements under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently, you should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the chairman or the company secretary of the Company; and
- 12.3 Any confidential information, which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged, except so far as (i) it may be necessary in connection with the proper performance of your duties to the Company; (ii) the Company may, from time to time, authorise you to disclose such information, as may be required by you with the condition that you will take all reasonable precautions, as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company; (iii) you may be required by law to disclose.

### **13. Applicable laws:**

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

Kindly return the duly signed copy of this letter of appointment as a token of your acknowledgement.

I am confident that the Board will benefit significantly from your participation in its deliberations. I am sure that with your guidance and support, the Company will be able to accomplish its goals and objectives.

With regards,

Yours Sincerely,

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Chairman

**Encl:** As above

I have read and agree to the above terms regarding my appointment as an independent director of the Company

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**Date:** [●]

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**CODE FOR INDEPENDENT DIRECTORS**

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This is to inform you that, in terms of the provisions of Section 149(7) of the Act and the applicable provisions Listing Regulations and guidelines issued by the Securities and Exchange Board of India, it is mandatory for all IDs to adhere with the Code of Conduct of the Company.

The said Code has been prescribed under Schedule IV of the Act and the same is reproduced herein below for your perusal and ready reference.

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**(1) Guidelines on professional conduct:**

An independent director shall:

- 1.1 uphold ethical standards of integrity and probity;
- 1.2 act objectively and constructively while exercising his duties;
- 1.3 exercise his responsibilities in a bona fide manner in the interest of the company;
- 1.4 devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 1.5 not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 1.6 not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 1.7 refrain from any action that would lead to loss of his independence;
- 1.8 where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 1.9 assist the company in implementing the best corporate governance practices.



**(2) Role and functions:**

The independent directors shall –

- 2.1 help in bringing an independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2.2 bring an objective view in the evaluation of the performance of board and management;
- 2.3 scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 2.4 satisfy themselves on (a) the integrity of financial information and (b) that financial controls and the systems of risk management are robust and defensible;
- 2.5 safeguard the interests of all stakeholders, particularly the minority shareholders;
- 2.6 balance the conflicting interest of the stakeholders;
- 2.7 determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management; and
- 2.8 moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**(3) Duties:**

The independent directors shall -

- 3.1 undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 3.2 seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3.3 strive to attend all meetings of the board of directors and of the committee of the board of directors of which he is a member;

- 3.4 participate constructively and actively in the committees of the board of directors in which they are chairpersons or members;
- 3.5 strive to attend the general meetings of the company;
- 3.6 where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the board of directors and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the meeting of the board of directors meeting;
- 3.7 keep themselves well informed about the company and the external environment in which it operates;
- 3.8 not to unfairly obstruct the functioning of an otherwise proper board of directors or committee of the board of directors;
- 3.9 pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 3.10 ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 3.11 report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 3.12 acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees; and
- 3.13 not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the board of directors or required by law.

**(4) Manner of appointment:**

- 4.1 The appointment process of independent directors will be independent of the company management;
- 4.2 The board of directors will ensure, while selecting independent directors, that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the board of directors to discharge its functions and duties effectively;
- 4.3 The appointment of independent director(s) of the company will be approved at the meeting of the shareholders;

- 4.4 The explanatory statement to be attached to the notice of the meetings for approving the appointment will include a statement that, in the opinion of the board of directors, the independent director proposed to be appointed fulfils the conditions specified in the Act and that the proposed director is independent of the management;
- 4.5 The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
- (a) the term of appointment;
  - (b) the expectation of the board of directors from the appointed director; the committee(s) of the board of directors in which the director is expected to serve and its tasks;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) the provision for directors and officers (D & O) insurance, if any;
  - (e) the code of business ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the meetings of the board of directors and other meetings and profit related commission, if any.

**(5) Inspection**

- 5.1 The terms and conditions of appointment of independent directors will be open for inspection at the registered office of the company by any member during normal business hours.
- 5.2 The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**(6) Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**(7) Resignation or removal:**

- 7.1 The resignation or removal of an independent director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act, 2013;
- 7.2 An independent director who resigns or is removed from the board of directors of the company shall be replaced by a new independent director within a period of 3 (three) months from the date of such resignation or removal, as the case may be.
- 7.3 Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**(8) Separate meetings:**

- 8.1 The independent directors of the company shall hold at least 1 (one) meeting in a financial year, without the attendance of non-independent directors and members of management;
- 8.2 All the independent directors of the company shall strive to be present at such meeting; and
- 8.3 The meeting will:
  - (a) review the performance of non-independent directors and the board of directors as a whole;
  - (b) review the performance of the chairperson of the company, taking into account the views of executive directors and non-executive directors; and
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

**(9) Evaluation mechanism:**

- 9.1 The performance evaluation of independent directors shall be done by the entire board of directors, excluding the director being evaluated.
- 9.2 On the basis of the report of performance evaluation, it shall be determined whether to extend or continue.

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**RESPONSIBILITIES OF THE BOARD OF DIRECTORS**  
(Regulation 4 (2) (f) of the Listing Regulations)

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**(A) Disclosure of information**

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

**(B) Key functions of the board of directors :**

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the long-term interest of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

**(C) Other responsibilities:**

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.

- (10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- (11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

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## **Declaration**

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To,  
The Board of Directors,  
TVS Motor Company Limited,  
“Chaitanya”, No.12,  
Khader Nawaz Khan Road,  
Chennai 600 006

Dear Sirs,

Sub: Declaration in terms of Section 149(6) read with Schedule IV to the Companies Act, 2013, as amended (“Act”), and Regulation 16 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), on the status of independence for the financial year \_\_\_\_\_

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I hereby declare that, in terms of the requirements as per Section 149(6) read with Schedule IV to the Act and Regulation 16 (1) (b) of Listing Regulations,

1. I am / was not a promoter nor related to the promoters or directors of the Company or its holding / subsidiary / associate companies.
2. I do not / did not have any pecuniary transactions relationship or transaction with the Company, its holding, subsidiary / associate companies or their promoters or directors, apart from receiving director’s remuneration, during the immediately preceding 2 (two) financial years or during the current financial year.
3. None of my relative
  - a. hold / has held securities in excess of Rs.50 lakhs or 2% of the paid up capital
  - b. has indebted or given guarantee or provided any security in connection with the indebtedness of any third person; or
  - c. has any pecuniary transaction or relationship in excess of 2% or more of its gross turnover / income, either singly or in combination with (a) and (b) referred to above

with the company or its holding or its subsidiary or its associate companies or their promoters or directors, during the immediately preceding two financial years or during the current financial year.



4. Neither me nor my relative(s):
- a. hold or has held the position of key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate companies, in any of the 3 (three) preceding financial years.
  - b. is or has been an employee or proprietor or a partner, in any of the 3 (three) financial years immediately preceding the financial year, of —
    - i. a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
    - ii. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% (ten percent) or more of the gross turnover of such firm.
5. I am not / was not –
- (a) a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect my independence;
  - (b) a chief executive or a director, of any non-profit organisation that receives 25% (twenty five percent) or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or such organisation holding 2% (two percent) or more of the total voting power of the Company;
  - (c) holding 2% (two percent) or more of the total voting power of the Company either in my name / together with my relatives; and
  - (d) a non-independent director of another company on the board of which any non-independent director of the company is an independent director.
6. I further declare that I will -
- (i) adhere to the standards as set out in the Code for Independent Directors as provided under Schedule IV of the Act and the Listing Regulations;
  - (ii) adhere to all applicable policies/ codes of the Company including the Code of Business Conduct and Ethics and the code of conduct formulated by the Company in compliance with the requirements under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

- (iii) furnish such declaration, at the first meeting of the board of directors of the Company in every financial year or whenever there is any change in the circumstances, which may affect my status as an independent director, stating that I meet or do not meet the criteria of independence, in terms of the aforesaid provisions of the statutes.

Yours truly,

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[Name]

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