

L.G.BALAKRISHNAN & BROS LIMITED
CIN: L2191TZ1956PL000257
Registered Office: NO 6/16/13, Krishnarayapuram Road,
Ganapathy Post, Coimbatore- 641006
Email: info@lgb.co.in ; Website: www.lgb.co.in
Tel: 0422 - 2532325 Fax: 0422 - 2532333

1. Terms of Appointment:

The term of appointment of an Independent Director (ID) of the Company is for a period of 5 consecutive years from the date of his/ her appointment. Independent Director is not liable to retire by rotation.

Appointment of every independent director shall be approved by members' of the Company.

Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. The reappointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.

The expectations of the Board from the appointed Director

- i. **Time Commitment:-** The Company anticipates a commitment of sufficient time and attention as necessary in order to perform their duties under the appointment.
- ii. **Strategy:-** The Company expects that the Independent Directors will constructively challenge and contribute to the development of strategy.
- iii. **Performance:-** Independent Directors shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance .
- iv. **Risk:-** Independent Directors should satisfy themselves that the financial information is accurate and that financial controls and systems of risk management are robust and defensible.
- v. **Confidentiality:-** Independent Directors must apply the highest standards of confidentiality and not disclose to any person or Company (whether during the course of the Appointment or at any time after its termination) any confidential information concerning the Company and any group Companies with which they come into contact by virtue of their position as a Non-Executive Independent Director of the Company.

Appointment in Board-level committees and its tasks.

During their tenure of appointment the Independent Directors may be asked to serve on one or more of the Board Committees and they will be provided with copies of the terms of reference for each of those Committees.

The fiduciary duties that come with such appointment along with accompanying liabilities:

Independent Directors:

- i. should submit a declaration in the beginning of every financial year under section 149 (7) of the Companies Act, 2013 (“the Act”) confirming the criteria of independence.
- ii. should promptly inform the Board of any change in the status of independence.
- iii. shall not breach any of the terms and conditions pertaining to Independent Directors as mentioned in the Companies Act, 2013 or the listing agreement or any other Act or Regulations.
- iv. shall display utmost alacrity in approving financial statement.
- v. shall disclose interest in any of the contract or arrangements and also disclose the interest on periodical basis as required under law.
- vi. shall strive to attend all meeting including Board, Committee and General Meetings.

They shall actively participate in the meetings.
- vii. shall not compromise or allow to compromise "Independence"
- viii. shall not misuse the assets, property, information or any other matter that may be in possession, in the capacity as a Director of the Company.
- ix. shall not engage in Insider Trading activities.
- x. shall ensure compliance of all the laws of the land.

The above list is only indicative and not exhaustive.

Any breach of fiduciary duties would warrant civil and criminal action or both by the Company, its shareholders, statutory authorities and others. The Companies Act, 2013, envisages huge penalties and imprisonment for such breaches. They are also exposed to Class Action Suit by Shareholders.

Code of Conduct:

During the appointment they are required to comply with various codes of conduct of the Company including code of conduct for prevention of Insider Trading in securities of the Company and such other requirements as the Board of Directors may from time to time specify.

The list of actions that a director should not do while functioning as such in the company.

Independent Directors shall not

- i. misuse the information in their possession for personal gains.
- ii. engage in any way (both directly or indirectly) with the competitors.
- iii. in any way indulge in activities which may be construed as conflict of interest.
- iv. break any law of the land or indulge or provoke the co-directors or employees to do the same.
- v. enter into any contract or arrangements wherein they directly or indirectly interested.

The above list is only indicative and not exhaustive.

Reimbursement of Expenses:

In addition to the sitting fees described above, the Company will, for the period of their appointment, reimburse them for travel, hotel and other incidental expenses incurred by them for attending the Board/Committee Meetings of the Company.

Others:

The Appointment Letter is issued based on the Act, Rules and other Regulations prevalent at the time of appointment. Any change in above, shall automatically entail changes in the terms and conditions.

The Board or its Committee is empowered to change the policy, from time to time. Such change in policy shall be informed to Independent Directors.

The Board or its Committee are empowered to review and change the terms and conditions of this letter. Any changes, thereof, will be informed to the Independent Directors.