

AUTOMOBILE PRODUCTS OF INDIA LIMITED

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

This letter sets out the major terms of appointment pursuant to the requirements of Section 149 and Schedule IV of the Companies Act, 2013.

1. Your appointment is considered as an Independent Director and the same will be identified as such in the annual report and other documentation. Your appointment is pursuant to applicable provision of the Companies Act 2013. The Appointment is subject to Companies Act 2013, Memorandum and Articles of Association of the Company, as may subsist from time to time.
2. You will be required to make a declaration at the first meeting of the Board and in every financial year or whenever there is any change in the circumstances which may affect the status as an Independent Director, stating that you meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013.
3. You need to adhere to the following guidelines of professional conduct:
 - a) uphold ethical standards of integrity and probity;
 - b) act objectively and constructively while exercising your duties;
 - c) exercise your responsibilities in a bona fide manner in the interest of the Company;
 - d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
 - e) not allow any extraneous considerations that will vitiate your 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;
 - f) not abuse your 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;
 - g) refrain from any action that would lead to loss of your independence;
 - h) where circumstances arise which make you to lose your independence, you must immediately inform the Board accordingly;
 - i) assist the Company in implementing the best corporate governance practices.
4. Your role as Independent Director will be to:
 - a) 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;
 - b) bring an objective view in the evaluation of the performance of Board and management;
 - c) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
 - d) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
 - e) safeguard the interests of all stakeholders, particularly the minority shareholders;
 - f) balance the conflicting interest of the stakeholders;
 - g) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;

CIN: L34103MH1949PLC326977 (w.e.f. 19/06/2019)

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- h) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
 - i) as may be prescribed under the Companies Act, 2013, as may be amended and for the time being in force.
5. Your duties as an Independent Director will be to:
- a) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
 - b) 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;
 - c) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
 - d) participate constructively and actively in the committees of the Board in which you are chairman or member;
 - e) strive to attend the general meetings of the Company;
 - f) where you have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting;
 - g) keep yourself well informed about the Company and the external environment in which it operates;
 - h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
 - i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company;
 - j) 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;
 - k) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
 - l) acting within the authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
 - m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.
 - n) as may be prescribed under the Companies Act, 2013, as may be amended and for the time being in force.
6. You are required to observe the terms of reference in respect of respective committees of the Board as may be approved by the Board of the Company from time to time.
7. Your fiduciary obligations as Independent Director are:
- a) to demonstrate loyalty to the Company's shareholders at all times.
 - b) to exercise due diligence in making decisions, discover as much information as possible with due application of mind and objective, unbiased reasoning, so that independent judgment which is in the best interest of the Company and its shareholders can be taken.
 - c) to disclose to the Company, the Board of material facts and circumstances relevant to conflicted transactions so that informed decisions is possible.

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8. You will be required to adhere to the Code of business ethics.
9. You will be entitled to sitting fees and reimbursement of expenses for attending each of the Board Meetings and committee meetings, as may be determined by the Board from time to time.
10. You will not be entitled to any stock option as provisions of the Companies Act, 2013 clearly prohibits giving stock option to the Independent Directors of the Company.
11. Your performance evaluation shall be done by the entire Board of Directors excluding you at such intervals as may be decided by the Nomination and Remuneration Committee and the Board.
12. Independent Directors of the Company are required to hold at least one meeting in a year, without the attendance of Non-Independent Director and members of management to:
 - a) review performance of Non-Independent Directors and Board as a whole
 - b) review the performance of the Chairman of the Company taking into account the views of executive directors and Non-Executive Directors
 - c) assess 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.
13. You will not be entitled to appoint any person as an Alternate Director unless he is qualified to be appointed as independent director under the provisions of the Companies Act, 2013.