

(DRAFT)

7<sup>th</sup> August, 2019

Dear Dr. Vishakha N. Desai,

**Sub: Your Re-appointment as an Independent Director of Mahindra & Mahindra Limited**

I am pleased to inform you of your re-appointment as an Independent Director on the Board of Mahindra & Mahindra Limited for a second term commencing from 8<sup>th</sup> August, 2019 to 30<sup>th</sup> April, 2024.

This letter of re-appointment sets out the terms and conditions of your re-appointment as given below in compliance with the applicable provisions of the Companies Act, 2013 (“the Act”):

- As an Independent Director, you shall be governed by the Code for Independent Directors as laid down in Schedule IV to the Act read with section 149(8) of the Act, as given in **Annexure I** which also inter-alia mentions the fiduciary duties of an Independent Director;
- As a Member of the Board you are expected to comply with the Company’s Code of Conduct for Directors, as given in **Annexure II** which also inter-alia mentions the fiduciary duties of a Director;
- The Company has various Sub-Committees of the Board viz., Audit Committee, Strategic Investment Committee, Loans & Investment Committee, Governance, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Research & Development Committee and Risk Management Committee. The Board of Directors may appoint you as Chairman/Member of one or more of the Committees and you shall strive to be present at such Committee Meetings. Currently you are the Chairman/Member of the following Committee(s):

Name of the Committee	Position held
Corporate Social Responsibility Committee	Chairperson
Stakeholders Relationship Committee	Member

*cont...2*

-:2:-

Upon your appointment to any other Committee(s), you will be provided with the Committee charter/ terms of reference which sets out the functions of that Committee.

- The Independent Directors of the Company periodically hold exclusive Meetings without the attendance of non-Independent Directors and Members of the Management. You shall strive to be present at such Meetings;
- You may note that the Company has taken a Group level Directors & Officers Liability Policy and all Directors of the Company are beneficiaries of the Policy;
- The Shareholders of the Company at the 69<sup>th</sup> Annual General Meeting held on 7<sup>th</sup> August, 2015, approved the payment of commission to the eligible Non-Executive Directors of upto a maximum of 1% of the net profits of the Company for each Financial Year, as computed in the manner laid down in section 198 of the Companies Act, 2013 or Rs.38 crores in the aggregate, whichever is lower; provided that none of such Directors, in any Financial Year individually receive a portion of such remuneration more than one quarter per cent of the net profits of the Company;
- Your remuneration shall be determined by the Board of Directors based on your performance evaluation done by the entire Board of Directors which will, inter alia, include your participation in the Board and Committee Meetings during the year; ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends, etc.;
- You shall be entitled to sitting fees and also be eligible for to and fro first/ business class air fare, accommodation, boarding, conveyance and other incidentals for attending the Board and Committee Meetings and for discharging your duties as an Independent Director of the Company;
- You are expected not to 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;

➤ *cont...3*

- We also invite your attention to Section 149(12) of the Companies Act, 2013 and Regulation 25(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which states that an Independent Director shall be held liable in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently;
- The resignation or removal of an Independent Director shall be in the same manner as provided in sections 168 and 169 of the Act;
- You will not be an employee of the Company and this letter shall not constitute a contract of employment.

Kindly return the duly signed copy of this letter of re-appointment in token of acknowledgement.

I am confident that the Board will benefit significantly from your continued participation in its deliberations, as in the past. I am proud of the progress that Mahindra & Mahindra Limited has made so far under your able and valuable guidance. I am sure that with your continued guidance and support, the Company will be able to accomplish its goals and objectives.

With regards,

Yours sincerely,

Anand G. Mahindra  
Executive Chairman

**Dr. Vishakha N. Desai**  
Special Advisor for Global Affairs,  
Office of the President Columbia University,  
490 Riverside Drive, MLK Building,  
5<sup>th</sup> Floor, Suite 519  
New York, NY 10027  
United States of America

Encl: as above

**SCHEDULE IV OF THE COMPANIES ACT, 2013**  
**[See Section 149(8)]**  
**CODE FOR INDEPENDENT DIRECTORS**

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.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (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;
- (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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- (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) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) 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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties :**

The independent directors shall –

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (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) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they 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 their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (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;
- (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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) "act within their authority", assist in protecting the legitimate interests of the company, shareholders and its employees;
- (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 or required by law.

### **IV. Manner of appointment:**

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) 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 from the appointed director; the Board-level committee(s) 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) provision for Directors and Officers (D and 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 Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

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

#### **VI. Resignation or removal:**

- (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 Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (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.

#### **VII. Separate meetings:**

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - a. review the performance of non-independent directors and the Board 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;
  - 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.

#### **VIII. Evaluation mechanism:**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause (45) of section 2 of the Companies Act, 2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Government and such requirements are complied with by the Government companies."

# **CODE OF CONDUCT FOR DIRECTORS**

## INTRODUCTION

Mahindra & Mahindra Limited is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and ethical conduct.

This Code of Conduct (“Code”) reflects the business practice and principles of behaviour that support this commitment. The Board of Directors (“the Board”) is responsible for setting the standards of conduct contained in the Code and for updating these standards as appropriate to reflect legal and regulatory developments. The Code is intended to provide guidance and help in recognizing and dealing with ethical issues and to help foster a culture of honesty and accountability. Every Director is expected to read and understand this Code and its application to the performance of his or her duties, functions and responsibilities.

Every Director must –

- (i) exhibit high standards of integrity, commitment and independence of thought and judgement.
- (ii) dedicate adequate time, energy and attention to ensure the diligent performance of his/her duties including making all reasonable efforts to attend Board or Committee Meetings and act in accordance with the Articles of Association of the Company.
- (iii) act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (iv) exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (v) not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (vi) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.



(vii) not assign his office and any assignment so made shall be void.

(viii) comply with every provision of this Code.

## **COMPLIANCE OFFICER**

The Company has designated Dr. Pawan Kumar Goenka, Executive Director – Mahindra & Mahindra & Group President (Auto and Farm Sector) as its Compliance Officer to administer this Code. Directors, at their discretion, may make any report or complaint provided for in this Code to the Chairman of the Board of the Company or to the Compliance Officer. The Compliance Officer will refer complaints submitted to the Chairman of the Board.

## **COMPLIANCE WITH APPLICABLE LAWS**

In the discharge of their duties and responsibilities, Directors must comply with all applicable laws, rules and regulations. These would include securities laws, insider trading laws and the Company's insider trading compliance policies.

## **CONFLICTS OF INTEREST**

Directors must avoid conflicts of interest. Directors should also be mindful of, and seek to avoid, conduct which could reasonably be construed as creating an appearance of a conflict of interest. While Directors should be free to make personal investments and enjoy social relations and normal business courtesies, they must not have any interests that adversely influence the performance of their duties, functions and responsibilities as Directors of the Company. A conflict of interest can arise when a Director or a Member of his/her immediate family receives improper personal benefits as a result of his/her position as a Director of the Company. A conflict situation can also arise when a Director takes an action or has an interest that may make it difficult for him or her to perform his or her duties, functions and responsibilities objectively and effectively.

While the Code does not attempt, and indeed it would not be possible, to describe all conceivable conflicts of interest that could develop, the following are some examples of situations which may constitute conflicts of interest:

- Working, in any capacity, for a competitor, customer, supplier or other third party while employed by the Company.
- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.
- Receiving loans or guarantees of obligations as a result of one's position as a Director.
- Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company.
- Accepting, or having a Member of a Director's family accept, a gift from persons or entities that deal with the Company, where the gift is being made in order to influence the Director's actions as a Member of the Board, or where acceptance of a gift could otherwise reasonably create the appearance of a conflict of interest.

Conflicts of interest may not always be clear-cut. Any question therefore about a Director's actual or potential conflict of interest with the Company should be brought promptly to the attention of the Chairman of the Board, who will review the question and determine a proper course of action, including whether consideration or action by the full Board is necessary. Directors involved in any conflict or potential conflict situations shall recuse themselves from any discussion or decision relating thereto.

## **CORPORATE OPPORTUNITY**

Directors shall not –

- (a) compete with the Company; or
- (b) take for themselves personally any business opportunities that belong to the Company or are discovered through the use of corporate property, information or position; or
- (c) use corporate property, information or position for personal gain.

## **CONFIDENTIALITY**

All Directors must maintain the confidentiality of confidential information entrusted to them or disclosed or acquired by them in carrying out their duties and responsibilities, except where such disclosure is authorised by the Company or is required by laws, regulations or legal proceedings. The term “confidential information” includes, but is not limited to, non-public information that might be of use to competitors of the Company or harmful to the Company or its customers, if disclosed. Whenever feasible, Directors should consult the Chairman of the Board or the Compliance Officer if they believe they have a legal obligation to disclose confidential information.

## **FAIR DEALING**

Directors should endeavour to deal fairly with the Company’s customers, suppliers, competitors, officers and employees. No Director shall take unfair advantage of the Company’s customers, suppliers, competitors or employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Gifts or entertainment in any form that is likely to result in a feeling of expectation of personal obligation should not be extended or accepted.

## **PROTECTION AND PROPER USE OF COMPANY ASSETS**

Directors should perform their duties in a manner that protects the Company’s assets and ensures their efficient use. The Company’s assets should be used for legitimate business purposes.

## **REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOUR**

Directors are encouraged to promptly contact the Chairman of the Board or the Compliance Officer if the Director believes that he or she has observed illegal or unethical behaviour by any employee, officer or director, or by any one purporting to be acting on the Company’s behalf or any violation or possible violation of this Code and the reporting Director has any doubt as to the best course of action in a particular situation. Confidentiality will be maintained, to the extent permitted by law.

## **PUBLIC COMPANY REPORTING**

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Board of India, the Reserve Bank of India and/or the concerned Stock Exchange(s) on which the securities of the Company are or may be listed be full, fair, accurate, timely and understandable. The Directors shall provide information necessary to ensure that the Company's published reports meet these requirements. The Company expects Directors to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

## **AMENDMENT, MODIFICATION AND WAIVER**

This Code may be amended, modified or waived only by the Company's Board of Directors and must be publicly disclosed if required by any applicable law or regulation. As a general policy, the Board will not grant waivers to the Code.

# Thank You

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