

_____, 2014

Shri _____

Dear Sir,

This has reference to your letters giving your consent and eligibility to act as an Independent Director on the Board of the Company.

Based on recommendation of Nomination & Remuneration Committee and the Board of Directors in their meeting held on 27th June, 2014, your appointment as an Independent Director of the Company was approved by Shareholders in their meeting held on 29th July, 2014.

We have pleasure in appointing you as "Independent Director", for a period of 5 years, with effect from July 29, 2014 on the following terms and conditions:-

1. Appointment

- 1.1 You are appointed as a Non-Executive Independent Director on the Board of Directors of the Company with effect from 29.7.2014 to 28.7.2019. Your appointment is subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the Listing Agreement.
- 1.2 The term Independent Director should be construed as defined under the Companies Act, 2013 and the Listing Agreement.
- 1.3 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

2. Committees

The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

3. Time Commitment

- 3.1 As a Non-Executive Independent Director you are expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board meets at least five times in a year. The Audit Committee also meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee meetings which will also be convened during the year. You will be expected to attend Board, Board Committees to which you may be appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, all meetings are held in Delhi.
- 3.2 By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

4. Role and Duties

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

1. You shall act in accordance with the Company's Articles of Association.
2. You shall 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 interest of the Company.
3. You shall discharge your duties with due and reasonable care, skill and diligence.
4. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company. Please refer to clause 6 for full explanation on conflict of interest.
5. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
6. You shall not assign your office as Director and any assignments so made shall be void.

In addition to the above requirements applicable to all Directors, the role of the Non-Executive Independent Director has the following key elements:

Strategy: Non-Executive Independent Directors should constructively challenge and help develop proposals on strategy;

Performance: Non-Executive Independent Directors should scrutinise the performance of management in meeting agreed goals and objectives;

Risk: Non-Executive Independent Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive Independent Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Non-Executive Independent Directors take responsibility for the processes for accurately reporting on performance and the financial position of the Company; and

Compliance: Non-Executive Independent Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of the Company practices to accepted norms.

5. Remuneration

You will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board. Further, you will also be paid remuneration by way of commission as may be approved by the Board.

The sitting fees presently paid to Non-Executive Independent Directors is Rs. 50,000 for every meeting of Board or any Committee thereof.

In addition to the remuneration mentioned above, the Company will, for the period of your appointment, reimburse you for travel and hotel expenses incurred by you in the performance of your role and duties.

You will not be an employee of the Company and this letter shall not constitute a contract of employment.

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 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 Secretary.

7. Confidentiality

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following severance (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

Your attention is also drawn to the requirements under the applicable regulations and the Company's code of internal procedure and conduct for prevention of insider trading 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 Secretary.

8. Code of Conduct

The code of conduct that the Company expects from all Directors and Senior Management Personnel is given as per **Annexure-A**.

9. Evaluation

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your appointment and re appointment on the Board shall be subject to the outcome of the yearly evaluation process.

10. Insurance

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such cover for the full term of your appointment.

11. Independent Professional Advice

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

12. Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and Company's records are updated. A general notice that

you are interested in any contracts with a particular person, firm or company is acceptable.

13. Severance

- i) You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board.
- ii) Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. You will not be entitled to compensation if the shareholders do not re-elect you at any time.
- iii) Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

14. Governing Law

This agreement is governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the Indian courts.

Kindly sign the duplicate copy of the agreement in token of your acceptance.

Thanking you,

Yours faithfully,

Sd/-

(PRADEEP DINODIA)
CHAIRMAN

Accepted

(_____)

SHRIRAM PISTONS : DELHI

CODE OF CONDUCT

INTRODUCTION

This Code of Conduct reflects values of the Shriram culture, and is also ensuring compliance with Clause 49 of the Listing Agreement with the Stock Exchange.

The Code of Conduct for Shriram Pistons and Rings Ltd. is to ensure ethical conduct in the business. The matters covered in the Code are important for the Company, all the Board members, Senior Management, its shareholders/stakeholders and business partners, for their business conduct.

All Board members and Senior Management personnel shall observe and implement the code of Conduct in their official day to day activities.

The Board shall determine the appropriate action to be taken in the event of violation of this Code.

1. **ETHICAL CONDUCT**

All Board members and Senior Management personnel of the Company shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

2. **REGULATORY COMPLIANCE**

All Board members and Senior Management personnel shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the Code shall prevail.

3. **FINANCIAL REPORTING AND RECORDS**

The Company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of India.

Internal accounting and audit procedures shall fairly and accurately reflect all of the company's business transactions and disposition of assets. All required information shall be accessible to Company auditors and other authorised parties and government agencies.

There shall be no willful omissions of any Company transactions from the books and records, no advance income recognition, and no hidden bank account and funds.

4. **CONFLICTS OF INTEREST**

The duty of all Board members and Senior Management personnel towards the Company demands that he or she avoids and discloses actual and potential conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Examples include:-

A. **Employment / Outside Employment**

In consideration of employment with the Company, Senior Management personnel are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company.

Senior Management personnel are prohibited from accepting simultaneous employment with suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position. Additionally, all Board members and Senior Management personnel must disclose to the Company's audit committee, any interest that they have that may conflict with the business of the Company.

B. **Outside directorships**

It is a conflict of interest to serve as a director of any other company that could be detrimental to or in conflict with the interests of the Company.

C. **Business interests**

If a Board member or Senior Management personnel is considering investing in any customer, supplier, developer or competitor of the Company, he or she must first take care to ensure that these investments do not compromise on their responsibilities to the Company. The Company's policy requires that information to Company's audit committee be given while making such an investment. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; their access to confidential information of the Company or of the other Company; and the nature of the relationship between Company and the other Company.

D. **Related parties**

As a general rule, Board members and Senior Management personnel should avoid conducting Company business with a relative, or with a

business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. The Company discourages the employment of relatives of employees/Directors in positions or assignments within the company. Further, the Company prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g. an auditing or control relationship, or a supervisor/subordinate relationship).

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Board members and Senior Management personnel should be made to the Company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a Company or firm which is a supplier, customer, distributor of or has other business dealings with his or her Company.

E. Corporate Opportunities

All Board members and Senior Management personnel may not exploit for their own personal gain, any new business opportunity to the Company's area of business viz., auto components, unless the proposal is informed in writing to the CMG, and the Company in the CMG declines to pursue such an opportunity. The Company will convey its decision within three months of receiving the written proposal.

F. Other situations:

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, all Board members and Senior Management personnel must consult the Company's audit committee.

5. PROTECTING COMPANY ASSETS

The assets of the Company shall not be misused but shall be employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

6. QUALITY OF PRODUCTS AND SERVICES

The Company shall be committed to supplying goods and services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction.

7. HEALTH, SAFETY AND ENVIRONMENT

The Company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the country.

8. **EQUAL-OPPORTUNITIES EMPLOYER**

The Company, all Board members and Senior Management personnel shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and disability. Employees of the Company shall be treated with dignity and in accordance with our maintaining a work environment free of sexual harassment, whether physical, verbal or psychological.

9. **GIFTS AND DONATIONS**

No Board member or Senior Management personnel shall (directly or indirectly) accept any gift, entertainment, trip, discount, service, or other benefit from any organization or person doing business or competing with the Company (other than modest gifts/ benefits of nominal value or entertainment as part of normal business courtesy and hospitality) which would or reasonably appear to be capable of influencing such person to act in a manner which is against the interest of the Company.

10. **POLITICAL NON-ALIGNMENT**

The Company shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give any Company funds or property as donations, directly or indirectly, to any political party, candidate or campaign.

11. **CORPORATE CITIZENSHIP**

The Company, all Board members and Senior Management personnel shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of making them self-reliant.

Such social responsibility would comprise: initiating and supporting initiatives in the field of community health and family welfare, vocational training, education and literacy, providing employment to physically challenged people and encouraging the application of modern scientific and managerial techniques and expertise.