

**Dheeraj G. Hinduja**  
**Chairman**

June 28, 2020

Dr. Andrew Charles Palmer  
(DIN: 02155231)  
The Dower House  
"Blakesley"  
NN12 8RD, U.K.


Dear Andrew,

**Re-appointment as an Independent Director of Ashok Leyland Limited**

On behalf of the Board of Directors ("Board") of Ashok Leyland Limited ("Company"), I take immense pleasure in confirming you that upon recommendation of the Nomination and Remuneration Committee, the Board at the meeting held on June 25, 2020 has approved your re-appointment as an Independent Director of the Company for the second term, subject to the confirmation of the shareholders at the ensuing Annual General Meeting and in terms of the applicable provisions of the Companies Act, 2013, ("the Act"), its relevant Rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

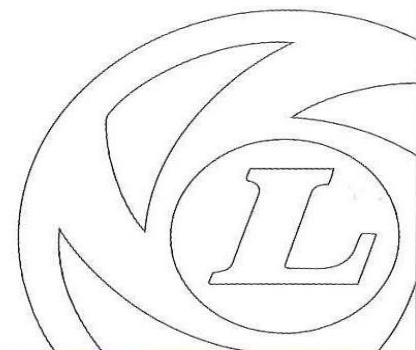
Your re-appointment and other terms and conditions are subject to Company's policy, Articles of Association of the Company, the relevant and applicable provisions of the Act read with Schedule IV of the Act and Rules made thereunder and SEBI Listing Regulations, as amended from time to time and as in force.

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**ASHOK LEYLAND LIMITED**

Registered Office: No.1, Sardar Patel Road, Guindy, Chennai 600 032, India.  
t : +91.44.2220 6000 f : +91.44.2220 6001, e : reachus@ashokleyland.com,  
CIN: L34101TN1948PLC000105, www.ashokleyland.com



**TERMS AND CONDITIONS:**

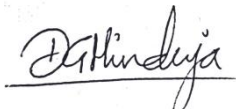
**RE-APPOINTMENT:**

- a) You have been re-appointed as an Independent Director on the Board effective from November 4, 2020 for a consecutive term of 5 years, subject to the approval of the shareholders, unless otherwise terminated earlier by either side in terms of Section 168 or Section 169 of the Act, as applicable. As an Independent Director you will not be liable to retire by rotation.
- b) You will strictly abide by the Code for Independent Directors detailed in Schedule IV of the Act. The Schedule IV is enclosed to this letter - **Annexure A**.
- c) The Board, to derive benefit out of your rich and varied experience, may request and nominate you to serve on one or more Committees of the Board during your tenure, subject to your confirmation.
- d) The Board expects you to dedicate sufficient time and attention towards the business affairs of the Company and participate actively/ constructively in:
  - All meetings of the Board;
  - Committee(s) in which you are a member or Chairperson;
  - General meetings of the Company; and
  - Meetings of the Independent Directors.

**ROLE:**

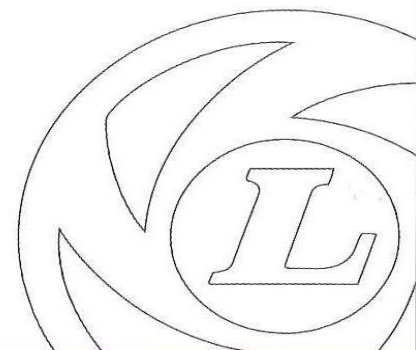
- a) In addition to the role specified under Schedule IV of the Act, you are expected to bring an independent judgment to the Board's deliberations.
- b) You are further expected to provide an objective view in the evaluation of performance of Board and Management and further scrutinize the performance of Management in meeting agreed goals and objectives.

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**DUTIES:**

- a) You will adhere to the below mentioned Duties as specified under Section 166 of the Act in addition to the duties mandated under Schedule IV of the Act:
- (i) Subject to the provisions of this Act, you shall act in accordance with the Articles of Association of the Company.
  - (ii) You shall act in good faith 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.
  - (iii) You shall exercise your duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
  - (iv) 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.
  - (v) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates and if found guilty of making any undue gain, you shall be liable to pay an amount equal to that gain to the Company.
  - (vi) You shall not assign your office.
- b) In addition to the above, you shall abide by the Code of Conduct devised by the Company for the Board.

**LIABILITIES:**

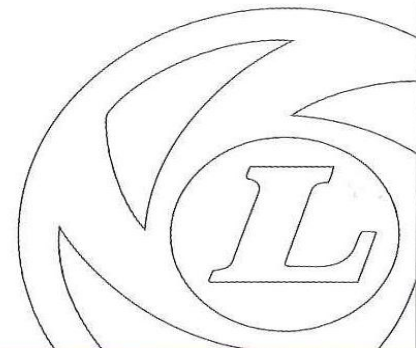
- a) As an Independent Director of the Company you shall have the same responsibility like any other Director on the Board. However you shall be held liable, in respect of such acts of omission or commission of the Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

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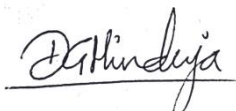
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**FEES/ COMMISSION/REIMBURSEMENT OF EXPENSES:**

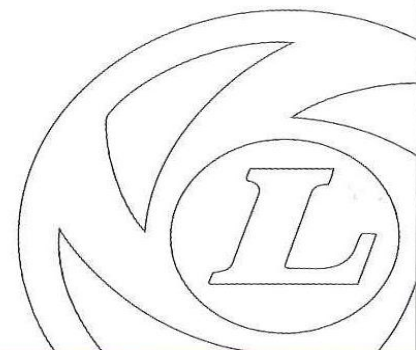
- a) Subject to the provisions of the Act and Articles of Association of the Company, you will be paid a Sitting fee of Rs.1,00,000/- for attending every meeting of the Board as a Director. Further you will also be paid the applicable sitting fee for attending every meeting of the Committee(s) of the Board, in which you are nominated as a member. The Sitting fee payable shall be amended by the Board from time to time as it may deem appropriate, subject to the overall ceiling as prescribed in the Act/Rules as in force.
- b) You shall be paid travelling and other out of pocket expenses incurred in attending and returning from meetings of the Board or of any Committee thereof or in connection with the business of the Company. You are required to submit details of expenses together with appropriate receipts so incurred to the Company Secretary.
- c) In addition to the above, you shall be paid Commission, subject to your performance been reviewed and cleared by the Nomination and Remuneration Committee and the Board, subject to the approval of the shareholders as relevant and required, subject to overall limits as specified in Section 197 of the Act and its related and applicable rules as in force.
- d) You shall not be entitled to Stock Options that may be issued by the Company in future. However if the law permits for issuance Stock Options to the Independent Directors then the same will be considered by the Nomination and Remuneration Committee and Board for issuance to the Independent Directors and as per eligibility.
- e) During your tenure of re-appointment as an Independent Director, the Company may seek your professional advice/ service if required on certain issues whenever appropriate, at the Company's expense.
- f) All payments that are made by the Company viz., Sitting Fees, Commission and any other professional service as agreed, will be subject to deduction of applicable tax as prevalent as per the Income Tax laws of India as in force at the time of payment.

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**INSURANCE:**

The Company will use its best endeavors to maintain appropriate Directors' and Officers' (D&O) liability insurance during your tenure as an Independent Director of the Company.

**OTHER COMPLIANCES:**

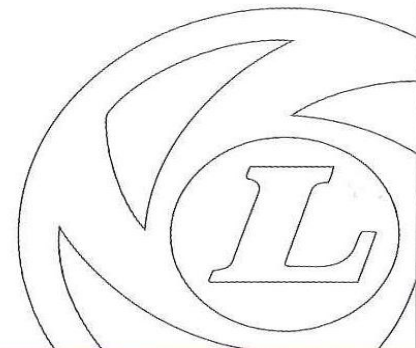
- a) During your tenure as an Independent Director you will comply with all applicable and related provisions of the Act, SEBI Listing Regulations (including any statutory or other modifications or re-enactments thereof) and any other applicable law or regulation in force.
- b) You are requested to maintain the limits of Directorship/ Committee membership/and Chairmanship as required under Section 165 of the Act read with the applicable rules made thereunder and as per SEBI Listing Regulations. Further you shall inform the Company about appointment/cessation of Directorship / Committee membership or change in interest in the requisite format, as prescribed under the Act.
- c) 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 Independent Director, you are required to give a declaration to that effect confirming that you meet the criteria of Independence (as required under Section 149(6)/149(7) of the Act). Further you are required to confirm that you are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact your ability to discharge your duties with an objective independent judgment and without any external influence (as required under Regulation 25(8) of the SEBI Listing Regulations).
- d) You are requested to furnish disclosure of interest to the Company as required under Section 184 and 164 (2) of the Act as well as avoid any conflicts.
- e) You shall be required to attend the meeting(s) of Independent Directors and discuss the agenda as provided in Schedule IV of the Act.
- f) During your tenure with the Company in case you get disqualified as provided in Section 164(1) of the Act, you are requested to intimate the Company.

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- g) You are requested to ensure that the conditions as prescribed under Section 167 of the Act are not attracted resulting in vacation of your office.
- h) You are also requested to enroll yourself to the data bank of Independent Directors and appear for such tests and other requirements, as may be required for the continuation as an Independent Director, from time to time, as required under the Companies (Appointment and Qualification of Directors) Rules, 2014 and such other applicable laws, as amended from time to time.

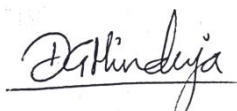
**SKILL DEVELOPMENT:**

On an ongoing basis, the Company/HR department will decide for you to develop and refresh your skills and knowledge in areas which we mutually identify as being likely to be required, or of benefit to you, in carrying out your duties effectively. You shall endeavor to make yourself available for any relevant training sessions which may be organised by the Company in this regard.

**CONFIDENTIALITY:**

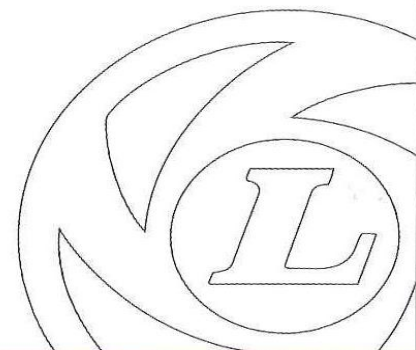
- a) You acknowledge that all information acquired during your re-appointment is confidential to the Company and should not be released, communicated, nor disclosed either during your re-appointment or following termination (by whatever means), to third parties without prior clearance from the Board of the Company.
- b) Your attention is drawn to the requirements under the law, applicable regulations and the Company policy towards disclosure of unpublished price sensitive information. You shall abide by the 'Code of Conduct to regulate, monitor and report trading by insiders' adopted by the Company and strictly avoid making any statements that might risk a breach of these requirements without the prior clearance from the Company Secretary.
- c) Upon termination of your re-appointment with the Company (for whatever cause), you shall deliver to the Company all documents, records, papers or other Company property which may be in your possession or under your control, and which relate in any way to the business affairs of the Company, and you shall not retain any copies thereof.

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**REVIEW PROCESS:**

- a) Your performance as an Independent Director will be evaluated by the Board as per the evaluation criteria laid down by the Nomination and Remuneration Committee of the Company.

**PUBLICATION OF LETTER OF RE-APPOINTMENT:**

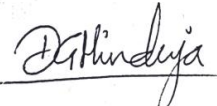
This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India.

In terms of Schedule IV of the Act and subject to the approval of shareholders, your letter of re-appointment will be hosted on the Company's website [www.ashokleyland.com](http://www.ashokleyland.com) and the same shall be open for inspection at the Registered Office of the Company by any member during normal business hours.

Please confirm your agreement to the above terms and conditions by signing and returning to me the enclosed duplicate of this Letter.

With regards,

Yours sincerely,



**Dheeraj G Hinduja**  
**Chairman**

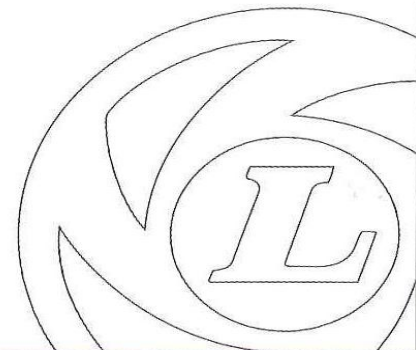
Encl: a/a.

I have read and agreed and accepted the above terms and conditions regarding my re-appointment as an Independent Director of Ashok Leyland Limited.

Andrew Charles Palmer  
DIN: 02155231  
Place:  
Date:

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**SCHEDULE IV  
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.

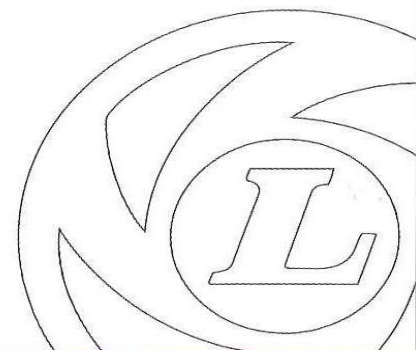
**II. Role and functions:**

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;

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- (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.

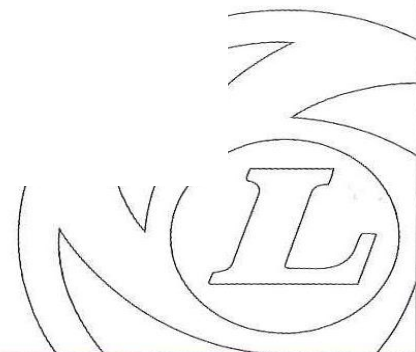
### **III. Duties:**

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;

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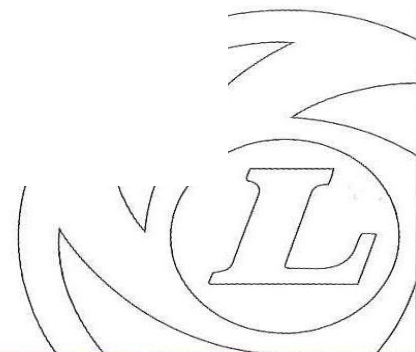
- (12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless 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.

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**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.



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