



LAKSHMI MACHINE WORKS LIMITED

Our Ref : Sec/BM290/0579/2016
Date: 27.10.2016

Sri.Arun Alagappan
No.10 , Chittaranjan Road
Teynampet
Chennai-600018

Dear Sir,

Sub: Appointment as Additional Director.

We are pleased to inform you that the Board of Directors of the Company at the Board Meeting held on 26.10.2016 have appointed your goodself as Additional Director of the Company.

You will be holding office as Additional Director till the next Annual General Meeting.

Your role, functions, duties and responsibilities as Independent Director shall be as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with the provisions of Sec 166, Schedule IV of the Companies Act, 2013 and the Rules made thereunder. An extract of the Sec 166 and Schedule IV of the Companies Act, 2013 are enclosed herewith for your kind reference.

Your appointment is also governed by the code of conduct for Directors and Employees adopted by the Board of Directors of the Company.

During the said tenure of office, as may be decided by the Board, you may also be required to serve on all or any of the sub committees of the Board such as, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee etc.

To protect the interest of all the Directors, the Company has taken a "Directors and Officers Liability Insurance Policy" to cover all the statutory liabilities of the Directors and Officers of the Company.

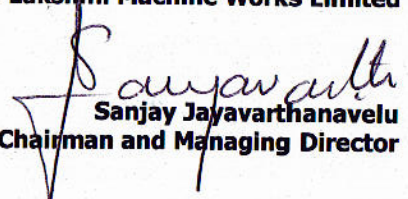
The date of meeting of Board of Directors and the committees thereof will be informed to you well in advance to enable you to attend the meetings.

As per the remuneration policy of the Company, you are entitled to sitting fees for attending the meetings of the Board and Board sub- Committees, Commission on the net profits of the Company as may be determined by the Board and reimbursement of all travelling and out of pocket expenses incurred for attending the meetings. The present sitting fees is Rs.50,000/- per meeting of the Board and Committees thereof.

Receipt of this letter of appointment may kindly be acknowledged.

Thanking You,

Yours Faithfully
For Lakshmi Machine Works Limited


Sanjay Jayavarthanelu
Chairman and Managing Director

Encl: As above

An Extract of Sec 166 of the Companies Act, 2013.

1. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
2. A director of a company 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A director of a company shall not involve in situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
5. A director of a company shall 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.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

"SCHEDULE IV"

[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 fulfillment 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 interest of all stakeholders, particularly the minority share holders;
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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. acting within his 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.
