

INTERNATIONAL COMBUSTION (INDIA) LIMITED
Policy on Board Diversity

(Pursuant to Clause 49 of the Equity Listing Agreement with Stock Exchanges - Devised by the Nomination & Remuneration Committee of the Board and adopted by the Board of Directors of the Company at their respective meetings held on 7th April, 2015)

PURPOSE

The Policy on Board Diversity (“the Policy”) sets out the approach to diversity on the Board of Directors (the ‘Board’) of International Combustion (India) Limited (the “Company”).

POLICY STATEMENT

The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively.

In the process of attaining a diverse Board based on the aforementioned factors, the following criteria needs to be assessed:

(i) Optimum Composition

- a. The Board shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the Board of Directors comprising non-executive directors.
- b. Atleast half of the Board should comprise of independent directors (where the Chairman of the Board is executive or part of the promoter group) or atleast one-

third of the Board should comprise of independent Directors (where the Chairman of the Board is non-executive and not part of the promoter group).

In any case, the Company should strive to ensure that the number of independent directors do not fall below 3 (Three) so as to enable the Board to function smoothly and effectively.

- c. The Company shall have at least one woman director on the Board to ensure that there is no gender inequality on the Board.

(ii) Functional Diversity

- a. Appointment of Directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
- b. Knowledge of and experience in domain areas such as Engineering and Capital Goods Sector, Building Material Business, Corporate Finance & Accountancy, Legal, Risk Management, Human Resources, Corporate Social Responsibility (CSR) and community development & social integration, etc. should be duly considered while making appointments to the Board level.
- c. While appointing independent directors, care should be taken as to the true independence of the proposed appointee.
- d. Directorships in other companies may also be taken into account while determining the candidature of a person.

(iii) Stakeholder Diversity

- a. The Company may also have Directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its Articles of Association and/or any agreement between the Company and the nominating agency.
- b. Subject to the provisions of Section 151 read with the relevant rules made thereunder, the Company may, upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower, have a small shareholders' director elected by the small shareholders.

ROLE OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) of Board of Directors of the Company shall review and assess Board composition on behalf of the Board and shall recommend to the Board, the appointment of new Directors based on their qualifications, positive attributes and independence.

In reviewing Board composition, NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

REVIEW OF THE POLICY

The Nomination and Remuneration Committee (NRC) may review the Policy from time to time as it may deem necessary, which will include an assessment of the effectiveness of the Policy.

The NRC may discuss any revisions that may be required and recommend any such revisions to the Board for approval.