

## **Draft letter of appointment of Independent Director**

To,  
Independent Director

### **Sub: APPOINTMENT AS NON-EXECUTIVE INDEPENDENT DIRECTOR**

We are pleased to inform you that the members of the Company in the Annual General Meeting held on ....., have approved, on the recommendation of Board of Directors, your appointment as a Non-Executive Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the .....Annual General Meeting of the Company in the calendar year .....

Please note that this is a contract for services and is not a contract of employment. The terms of the appointment are set-out as under

#### **Duration of Appointment:**

The appointment is for 5 (Five) consecutive years for a term upto the conclusion of the ..... Annual General Meeting of the Company in the calendar year .....

Non-Executive Independent Directors are typically expected to serve 5 (Five) consecutive year terms, although the board may invite you to continue on as a director for an additional period thereafter, subject to the applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules 2014, including any statutory modifications(s) or re-enactment thereof, and Clause 49 of Listing Agreement entered into with stock exchanges, for the time being in force.

#### **Role of the Board:**

The board's role is to effectively represent, and promote the interests of, shareholders with a view to adding long-term value to the Company's shares. Having regard to its role the board directs, and supervises the management of, the business and affairs of the Company including, in particular:

- ensuring that the Company's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- monitoring the performance of management;

- appointing the chief executive officer / managing director, setting the terms of their employment agreement and, where necessary, terminating their employment.
- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and otherwise conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, day to day management of the company is left to management.

All directors are expected to take decisions objectively in the interests of the Company. The board as a whole is collectively responsible for the success of the Company. All directors, whether Executive / Non-Executive / Non-Executive Independent, have the same general legal responsibilities.

**Timing and Location of Board Meetings, and Time Commitment:**

The board normally meets within a month after end of the quarter and holds additional meetings as the occasion requires. Meetings usually take place at the Company's Corporate office at NKM International House, 178 Backbay Reclamation, Babubhai Chinai Marg, Mumbai – 400 020. The duration of each meeting typically runs to 2 to 3 hours.

In addition to routine board meetings you should allow time for committee meetings, preparatory work and travel, and ensure that you are in a position to make the necessary overall time commitment.

**Remuneration:**

The board determines the sitting fees payable to all the non-executive directors of the Company, subject to provisions of the Companies Act, 2013 and Rules made thereunder. Presently the Company pay sitting fees of Rs.20,000/- (Rupees Twenty Thousand Only), subject to deduction of tax at source, for attending each meeting of Board and committee(s) thereof.

In addition to the sitting fees, the non-executive directors are eligible to receive the commission @ 1% of net profit of the Company calculated pursuant to provisions of Section 198 of the Companies Act, 2013 and the allocation of the same amongst the directors is decided at the Board meeting.

The Company will reimburse you for all direct and indirect expenses such as conveyance, travelling and accommodation expenses, reasonably and properly incurred and documented for attending the meeting of Board of Directors or committee(s) thereof.

**Committee Involvement:**

Board committees are formed when it is efficient or necessary to facilitate effective decision-making. The board's present standing committees are the Audit Committee, Nomination and Remuneration committees, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

This letter refers to your appointment as a director of the Company. The Board of Directors in their meeting held on ..... have confirmed your appointment, on the reconstitution of following committees and you are aware of the terms of reference and responsibilities involved:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee.
4. Corporate Social Responsibility Committee

**Board and Individual Director Evaluation Processes:**

The performances of the board as a whole, its committees and individual directors are evaluated annually. If, in the meantime, there are any matters which cause you concern about your role you should discuss them with the Chairman of the board as soon as appropriate.

**Outside Interests Including Directorships:**

It is accepted and acknowledged that you may have business interests other than those of the Company. Please contact the Company Secretary as soon as possible to arrange for your interests as a shareholder, director, officer or trustee of other companies or entities to be entered in the Company's interests register. The interests register is tabled at Director's meeting in the beginning of the financial year and thereafter as and when there is change in the interest of Director(s). Please ensure that the Company is kept informed of any changes to your interests so that the interests register can be maintained up to date.

Any Director is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the Company's business and does not materially interfere with their performance as a director of the Company. All other appointments must first be discussed with the Chairman before being accepted.

**Shareholdings by Directors in the Company:**

Directors are encouraged to hold shares in the Company. When buying or selling shares directors are expected to strictly observe the provisions of the Company's Internal Code of Conduct for prevention of Insider Trading framed in line with SEBI (Insider Trading) Regulations 1992 and follow the procedures mentioned thereunder.

**Access to Independent Professional Advice:**

All directors are entitled to obtain independent professional advice relating to the affairs of the Company or to their responsibilities as directors. If, in your own case, you consider such advice is necessary, you should first discuss it with the Chairman. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but you should ensure, so far as is practicable, that it is reasonable.

**Availability of Liability Insurance:**

The Company provides all its directors with, and pays the premiums for Directors & Officer Insurance Policy. The present amount of the cover is Rs.5 crore.

You are urged to obtain a copy of the relevant policy from the Company Secretary and satisfy yourself as to the suitability and extent of the cover.

**Confidentiality:**

All information acquired during your appointment is confidential to the Company and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.

We look forward to your association with us.

Yours sincerely  
**forapcotex industries limited**

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**ATUL C CHOKSEY**  
**CHAIRMAN**