

## **Draft Letter of Appointment to be issued to Independent Directors Appointment**

**[On Letter head of TPL]**

**Date:**

To,  
[NAME OF THE INDEPENDENT DIRECTOR]  
[ADDRESS]

Dear Sir,

**Re: Your Appointment as the Independent Director of Tijaria Polypipes Limited**

We are pleased to advise you that at the Annual General Meeting held on 30<sup>th</sup> September, 2014, shareholders have approved your appointment as an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of 13<sup>th</sup> Annual General Meeting in the calendar year 2019.

### **A. Preliminary**

Your appointment is subject to the following:

1. During your tenure as an Independent Director, you will have to submit a declaration at the beginning of every Financial Year under Section 149 (7) of the Companies Act, 2013("Act") stating that you meet the criteria of Independence.
2. So long as you are an Independent Director of the Company, the number of companies in which you hold office as a Director or a chairman or committee member will not exceed the limit stipulated under the Act and Listing Agreement.
3. So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
4. You will ensure compliance with other provisions of the Act and the listing Agreement as applicable to you as an Independent Director.

## **B. Term**

Your Appointment is for a term of 5 years commencing from 8<sup>th</sup> annual general meeting upto conclusion of the 13<sup>th</sup> annual general meeting.

## **C. Committees**

You have been appointed on the following Committees of the Board (As applicable to the respective Director):

- (i) N.A.
- (ii) N.A.

## **D. Code of Conduct and Duties and Responsibilities**

1. You will abide by the Tijaria Code of Conduct applicable to Directors and senior management personnel to the extent applicable to an Independent Director of the Company as set out separately in Annexure-1.
2. You will abide by the guidelines of professional conduct, role, function and duties as an Independent Directors provided in Schedule IV of the Companies Act, 2013, as set out at Annexure-2 hereto.
3. You will not hold office as a Director or any other office in a competing firm/entity.
4. You are expected to stay updated on how best to discharge your roles, responsibilities, and duties and liabilities, as an Independent Director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.
5. You are expected to:
  - (i) take decisions objectively and solely in the interests of the Company;
  - (ii) facilitate Company's adherence to high standards of ethics and corporate behavior;
  - (iii) guide the board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;

(iv) guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions;

(v) guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

### **E. Performance Evaluation**

Your reappointment or extension of term and your remuneration will be recommended by the Nomination and Remuneration Committee of the Board, pursuant to a performance evaluation carried out by the Board.

### **F. Remuneration**

1. Your annual remuneration will be as under:

(a) sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time, and

(b) Commission, if any, that may be determined by the Board payable at the end of each financial year will be based on the performance of the Company and your performance evaluated by the Board of Directors.

2. You will be entitled to reimbursement of expenses incurred by you in connection with attending the Board meeting, Board Committee meetings, and general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

3. Pursuant to applicable law, you will not be entitled to any stock options.

### **G. Time Commitment**

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

## **H. Training**

You will be entitled to the benefit of a training program to familiarize yourself with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the company operates its goals and expectations and long term plans and objectives.

## **I. Change of Personal Details**

During the term, you shall promptly intimate the company secretary and Registrar of companies in the prescribed manner, any change in address or other contact and personal details provided to the Company.

## **J. Termination**

Your directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the 2013 Act, your directorship may be terminated for violation of any provision of the Tijaria Code of Conduct as applicable to No-Executive Directors.

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act or, if applicable, you fail to meet the criteria for “independence” under the provisions of Clause 49 of the Listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.

## **K. Cooperation**

In the event of any claim or litigation against the company, based upon any alleged conduct, act or omission on your part during your Term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonable requested by the Company or its counsel.

## **L. Miscellaneous**

1. You will have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal,

financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), (“Confidential Information”).

You shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.

If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

Please confirm your acceptance by signing, dating, and returning a copy of this letter to the Company.

Yours faithfully,

**For Tijaria Polypipes Limited**

Sd/- \_\_\_\_\_

**Alok Jain Tijaria**

**Chairman & Managing Director**

**DIN: 00114937**

**Agreed and Accepted**

**I have read and understood the terms of my appointment as an Independent Director of the Company and hereby affirm my acceptance to the same.**

\_\_\_\_\_  
**[Name of Independent director]**

**Place : Jaipur**

**Date :**

# TIJARIA POLYPIPES LIMITED

## Code of Conduct for all directors and senior management personnel

### **Preamble**

The code is intended to serve as a basis for ethical decision making. All Directors and members of senior management team shall act within the limits of the authority conferred upon them and will take judicious and harmonious decisions and policies in the best interests of the Company and its shareholders /stakeholders. With a view to maintain the high standards, the Company requires that following rules/ code of conduct to be observed in all activities.

### **Conduct of business**

The Company will follow the principles of fair competition , legal compliance and ethical standards. The quality of company's products and the efficiency of its services at the most competitive prices, is the greatest tool in conducting the business of the company. Profits do not justify unfair/ unethical practices. All the Directors and members of the senior management team of the company should uphold the highest standards of integrity in all the business relationships.

### **Conflict of Interest**

A conflict of interests exists where the interests or benefits of one person or entity conflict with the interests or benefits of the other person/entity/company. All the Directors and members of the senior management team of the company should not engage in any business, relationship or activity, which may be in conflict with the interest of the Company .Following are some of the common circumstances that may lead to conflict of interest, actual or potential.

- One should not engage in any activity / employment that interfere with your performance or responsibility to the Company or otherwise in conflict with or prejudicial to the interests of the Company.
- As a general policy one will avoid conducting business with a relative or with a firm / Company in which a relative / related party is associated in a significant role / position.
- Whenever/ wherever the related party transaction is unavoidable one will fully disclose its interest in the transaction to the Board or to the company secretary / CEO of the Company and due records for such transactions will be maintained as per the statutory requirements.

**Confidentiality**

The Company's confidential information is a valuable asset. Protection of all confidential information will be ensured. Any information concerning the Company's business, its customers, suppliers etc which is not in the public domain and to which the director or senior executive has access or possesses such information, shall be considered confidential and held in confidence, unless authorized to disclose or such disclosure is required as a matter of law. Information either formally or informally, to the press or any other publicity media, unless specially authorized to do so, will not be provided.

**Intellectual Property**

All the Directors and members of the senior management team of the company have utmost obligation to identify and protect the intellectual properties, trade secrets and confidential information owned by the Company and its clients or associates as it is critical to the success of the company. "Intellectual Property Rights" (IPR) means generally patented or potentially patentable inventions, trademarks, copyrightable subject matters and trade secrets.

**Prevention Insider Trading**

Insider trading is prohibited by both the Law as well as the company policy. Insider trading generally involves the act of subscribing to or buying or selling of the Company's securities, when in possession of any Unpublished Price Sensitive Information about the company. "Price sensitive information" is such information, which relates directly or indirectly to the company and which if published is likely to materially affect the price of securities of the company. It is important to note that both positive and negative information could be price sensitive. One will not derive benefit or assist others to derive benefit or assist them to derive benefit on its behalf by giving investment advice from the available access to and possession of information about the Company, which is not in public domain and thus constituting insider information.

**Environment and Health Safety**

We take environmental consciousness a step further as a company. We believe that directors / employees of the Company are environment conscious and contribute to preserving nature as well as safety measures in own respective work areas. Be eco friendly and respect human values in all our activities.

**Protection of Assets**

Our activities will be directed towards protecting the assets of the company, ensure optimal utilization of assets and to report and record all transactions. It will be ensured that Company's assets are protected from loss, damages, misuse or theft and assets may only be used for business purposes and other purposes specifically approved by management and you must never be used for any personal or illegal purposes.

**Gifts & donations**

No director / employee of the Company shall receive or offer, directly or indirectly, any gifts, donations, remuneration, hospitality , illegal payments and comparable benefits which are intended or perceived to be intended to obtain business (or uncompetitive ) favours or decision for the conduct of the business. Normal gifts of commemorative nature for special events may be accepted and reported to the Board.

**Other Directorships**

The Company feels that serving on the Board of directors of other companies may raise substantial concerns about potential conflict of interest. And therefore all directors shall report / disclose such relationships to the Board on an annual basis. It is felt that service on the Board of a direct competitor is not in the interest of the Company. Hence all the Directors are barred in accepting such position without the concurrence of the Board.

**Compliance**

We shall comply with all applicable laws, rules, and regulations, both in letter and spirit. In order to assist the Company in promoting the lawful and ethical behavior, you have to report any possible violation of law, rules, regulations or the code of conduct to the Company Secretary.

**Acknowledgement**

Once in every year or upon revision of this code, every director / member of senior management team must acknowledge the compliance with such code of conduct.



## 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 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;
- (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;
- (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.

**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.

**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 a period of not more than one hundred and eighty days 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 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.