

29<sup>th</sup> July 2014

**Sub.: Appointment as an Independent Director of V.I.P. Industries Ltd.**

As required under the provisions of the Companies Act, 2013 (“the Act”) and the amended clause 49 of the Listing Agreement with the Stock Exchanges (“the Listing Agreement”), I am pleased to inform you that Shareholders of V.I.P. Industries Limited (“the Company”) at the 47<sup>th</sup> Annual General Meeting of the Company held on 10<sup>th</sup> July 2014 have approved your appointment as an Independent Director of the Company for a term of five years commencing from 10<sup>th</sup> July, 2014 to 9<sup>th</sup> July, 2019. The other terms of your appointment are as follows:

**APPOINTMENT:**

1. You shall be a Non-Executive Independent Director on the Board of Directors of the Company (“the Board”) within the meaning of the provisions of the Act and the Listing Agreement for an initial term of five years commencing from 10<sup>th</sup> July 2014 to 9<sup>th</sup> July 2019 which may be extendable thereafter for a further period of five years subject to the approval of members with requisite majority at the Annual General Meeting of the Company in accordance with the provisions of the Act and the Listing Agreement. In terms of section 149(13) of the Act, your directorship is not subject to retirement by rotation.
2. During your tenure as an Independent Director, you shall comply with all the applicable provisions of the Act including to submit a declaration at the beginning of each Financial Year as provided under the provisions of Section 149(7) of the Act confirming that you meet the criteria of independence. Your appointment is also subject to the maximum permissible Directorships that an Independent Director can hold as per the provisions of the Act read with the Rules framed thereunder and the Listing Agreement.
3. During your tenure as an Independent Director, you shall ensure that you do not get disqualified to be appointed as a Director pursuant to the provisions of Section 164 of the Act and do not commit any act in contravention with Section 167 of the Act.
4. During the term of your appointment, if there are any changes in your contact details / address or any other personal details as provided to the Company, you shall promptly intimate the Company Secretary of such changes, if any along with revised DIN to be filed by you, if required. You shall also disclose your shareholding in the Company owned and held by you or for other persons on a beneficial basis before your appointment / re-appointment.
5. You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board from time to time. Further, you may also be paid remuneration by way of commission as may be approved by the Board and Shareholders from time to time.

: 2 :

6. You will not be entitled to any bonus during the term of your appointment as also any employee stock option scheme that may be operated by the Company or any of its group company.
7. In addition to the remuneration described above, the Company may, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses if any, incurred by you in the performance of your role and duties.

**MEMBERSHIP OF COMMITTEES:**

8. The Board may if deems fit, invite you for being appointed on one or more existing Board committees or any such committees that may be set up in future. Your appointment on such committee(s), if any shall be subject to the applicable regulations.

**ROLE AND DUTIES:**

9. Your role and duties will be those as normally required of a Non-Executive Independent Director under the Act and the Listing Agreement. You shall also discharge certain duties which are fiduciary in nature and are as under:
  - I. You shall act in accordance with the Company's Articles of Association as may be amended from time to time.
  - II. You 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 interest of the Company.
  - III. You shall discharge your duties with due and reasonable care, skill and diligence.
  - 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.
  - VI. You shall not assign your office as Director and any assignments so made shall be void.
  - VII. You are expected to:
    - (i) Facilitate the Company's adherence to high standards of ethics and corporate behaviour.
    - (ii) Guide the Board in monitoring effectiveness of the Company's governance practices and recommend changes, if any.
    - (iii) 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
    - (iv) Guide the Board in ensuring that the Company's accounting and financial reporting systems including the independent audit are integrated and that appropriate control system are in place in particular for risk management, financial and operational control and compliance with the law and relevant standards.

#### **CONFLICT OF INTEREST**

10. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition of your appointment, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.
11. In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, the same should be disclosed to both, the Chairman and the Company Secretary of the Company.
12. Any material interest that you may have in any transaction or arrangement that the Company has entered into should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes of the meeting may record your interest appropriately and the Company's records are updated. A general notice that you are interested in any contract with a particular person, firm or Company is acceptable.

#### **EVALUATION**

13. The Company shall carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per the Company's Policy. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

#### **SEPARATE MEETING**

14. (i) You along with the other Independent Director of the Company shall hold at least one meeting in a year without the attendance of the non independent Directors and members of management of the Company.  
(ii) You shall strive to be present at each such meeting.  
  
(iii) The Meeting shall (a) review the performance of non-independent directors and the Board as a whole; (b) review the performance of the Chairman of the Company (c) assess the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **CODE OF CONDUCT**

15. During the term of your appointment, you will continue to comply with and abide by the Code for Independent Director of the Company as specified in Schedule IV in terms of Section 149 (8) of the Act as set

: 4 :

out in Annexure – I in addition to the Code of Conduct applicable to the Board of Directors and Senior Management of the Company as set out separately in Annexure – II.

#### **CONFIDENTIALITY**

16. All information acquired during your term of appointment is confidential to the Company and should not be released, either during your term of appointment or at any time thereafter to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or statutory / regulatory body.
17. Your attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently you should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary of the Company.

#### **PUBLICATION OF THE LETTER OF APPOINTMENT**

18. In line with the provision of Clause IV sub clause 6 of Schedule IV to the Act, the Company is required to make public the terms of your appointment herein and may also display it on the Company's website.

#### **INDUCTION, TRAINING AND DEVELOPMENT**

19. The Company shall provide you suitable training to familiarize you with the Company, your role, rights, responsibilities in the Company, nature of industry in which the Company operates etc.

#### **TERMINATION**

20. You may resign from your position at any time and should you wish to do so, you will be required to serve a reasonable written notice to the Board giving reasons of your resignation. In terms of the provisions of the Act, you are required to file a copy of your resignation letter with the Ministry of Corporate Affairs, New Delhi (MCA) and/or the Registrar of Companies, Mumbai, Maharashtra.
21. Your appointment as Independent Director shall be terminated on your failure to meet the parameters of independence as defined in section 149(6) of the Act or on the occurrence of any event as defined in section 167 of the Act.

: 5 :

**GENERAL**

22. 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 and the parties agree to submit to the exclusive jurisdiction of the courts at Mumbai.
23. I am confident that the Board and the Company will immensely benefit from your rich experience and I am eager to have you as an integral part in the growth of our Company. If the aforesaid terms are acceptable to you, please confirm your acceptance by signing and returning the enclosed duplicate copy of this Letter.

I thank you for your continued support and commitment to the Company.

Yours sincerely,

For **V.I.P. INDUSTRIES LIMITED**

**DILIP G. PIRAMAL**  
**Chairman**

I have read, understood and agree to the above terms of my appointment as an Independent Director of V.I.P. Industries Limited and I hereby affirm my acceptance to the same.

**INDEPENDENT DIRECTOR**

Place: Mumbai

Date: