

Date: \_\_\_\_\_

To,  
Mr./Ms. \_\_\_\_\_

Dear Sir/Madam,

**Sub: Your re - appointment as an Independent Director on the Board of Nilkamal Limited (the Company) in accordance with the Companies Act, 2013.**

We are pleased to inform you that at the Annual General Meeting of the Company held on \_\_\_\_\_, you have been re - appointed as an Independent Director of the Company in terms of Section 149 and other applicable sections, if any, of the Companies Act, 2013 (the "Act"), for a term of \_\_\_\_\_ years from the date of the Annual General Meeting of the Company to be held in the calendar year \_\_\_\_\_.

In terms of Schedule IV of the Act, your appointment as an Independent Director is being formalised through this letter of appointment.

The attached Annexure forms part of this letter of appointment and we would request you to kindly go through them in detail:

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Please convey acceptance of your appointment by signing and returning Annexure 7.

Yours truly,  
**For Nilkamal Limited**

**Hiten V. Parekh**  
**Managing Director**  
Encl: as above

## ANNEXURE 1

### **DEFINITION OF “INDEPENDENT DIRECTOR” AS PER SECTION 149(6) OF THE COMPANIES ACT, 2013 AND CLAUSE 16 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), 2015.**

The expression ‘independent director’ shall mean a non-executive director, other than a nominee director of the company:

- (i) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - (ii) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
  - (iii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
  - v) none of whose relatives –
    - (A) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;
    - (B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
    - (C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year;  
or
    - (D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:
- Provided that the pecuniary relationship or transaction with the listed entity, its

holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

vi) who, neither himself/herself nor whose relative(s) –

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

(B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –

1. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
2. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm.

(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

(D) is a chief executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

vii) who is not less than 21 years of age;

viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

(ix) I am not aware of any circumstance or situation, which exist, that could impair or impact my ability to discharge my duties with an objective independent judgment and without any external influence.

x) who possesses such other qualifications as may be prescribed i.e. skills, experience

and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

## ANNEXURE 2

### **YOUR TERM OF APPOINTMENT AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

As an Independent Director, you shall hold office for a term of\_\_\_\_\_years from the date of the Annual General Meeting of the Company to be held in the calendar year\_\_\_\_\_.

Further, during the aforesaid period of\_\_\_\_\_years, you shall not be associated with the Company in any other capacity, either directly or indirectly.

The Act prescribes an Evaluation Mechanism for Independent Directors, wherein performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated and the continuation of term of appointment of Independent Director shall be determined on the basis of evaluation report. Accordingly, your performance would be evaluated by the Board of Directors and your continuation of tenure would be based on the evaluation report.

Resignation and removal of Independent Directors is governed by the provisions of Sections 168 and 169 of the Act.

## **YOUR ROLE, RESPONSIBILITIES, FUNCTIONS, DUTIES AND LIABILITIES**

### **A. Board constituted committees in which you are a Member/Chairman:**

You may be requested to be a Member/Chairman of any one or more Committees/Sub-committees of the Board which may be constituted from time to time.

### **B. Role, Responsibilities and Functions:**

The Independent Directors shall:

- act in accordance with the Company's Articles of Association;
- 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;
- discharge their duties with due and reasonable care, skill and diligence;
- not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;
- not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates;
- not assign their office as Director and any assignments so made shall be void;
- bring an objective view in the evaluation of the performance of Board and management;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;

### **C. Duties:**

The Independent Directors shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;

- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a Member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- 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;
- 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;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- 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.

#### **D. Separate meetings:**

- 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;
- All the Independent Directors of the Company shall strive to be present at such meeting;
- The meeting shall:
  - (i) review the performance of non-Independent Directors and the Board as a whole;
  - (ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (iii) 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.

**E. Liabilities:**

Section 149(12) of the Act inter-alia states that, notwithstanding anything contained in this Act, an Independent Director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.



## **ANNEXURE 4**

### **CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

During the tenure of your appointment, you are required to comply with regulations as contained in Schedule IV of the Companies Act, 2013. In addition, the Company has also laid down a Code of Conduct (“Code”) for the Board Members and Senior Management Personnel. The Code impresses upon Directors and Senior Management Personnel to uphold the interest of the Company and fulfill the fiduciary obligations. The Code further enjoins the Directors and Senior Management Personnel to act in accordance with the highest standard of honesty, integrity, fairness and good faith and due diligence in performing their duties.

The same is also available on the website of the Company i.e. [www.nilkamal.com](http://www.nilkamal.com).

## ANNEXURE 5

### REMUNERATION PAYABLE TO YOU AS AN INDEPENDENT DIRECTOR

As per the provisions of Section 197(5) of the Companies Act, 2013, you, as an Independent Director, shall be entitled to receive remuneration by way of fee for attending meetings of the Board or Committee thereof. Further, you shall also be entitled to receive reimbursement of expenses for participating in the Board and other meetings.

The Company follows a transparent process for determining the remuneration of Independent Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the committees thereof attended by them, inputs to executive management on matters of strategic importance and overall contribution to the business. Besides these, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of Independent Directors.

Currently, the sitting fees payable to the Independent Director is ` \_\_\_\_\_ per meeting of the Board of Directors.

## **ANNEXURE 6**

### **DIRECTORS AND OFFICERS (D&O) LIABILITY POLICY**

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such cover for the full term of your appointment.

**ANNEXURE 7**

**ACCEPTANCE OF THE APPOINTMENT**

I agree to the terms and conditions of my appointment as set out in your letter of appointment dated\_\_\_\_\_.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_