

DRAFT

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

To

**Mr. Dilip M. Thaker**  
801, Cosmos, Plot No. 38,  
N. M. Road, JVPD Scheme,  
Vile Parle (West),  
Mumbai - 400056

**Sub.: Appointment as Independent Director of the Company**

Dear Sir,

We thank you for your confirmation to the Company that you meet the "independence" criteria as envisaged in Section 149(6) of the Companies Act, 2013 ("Act") and also for your consent to hold office as a Director of the Company.

Pursuant to your confirmation, we are pleased to inform you that upon the recommendation of its Nomination and Remuneration Committee, the Board has approved your appointment as an Independent Director of the Company subject to the approval of shareholders of the Company in the ensuing Annual General Meeting.

This draft letter of appointment sets out the terms and conditions of your appointment as aforesaid which is pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended from time to time).

**1. Appointment**

Your appointment as an Independent Director on the Board of National Plastic Industries Limited will be for a term upto 5 consecutive years from the date of your appointment at the ensuing Annual General Meeting, unless terminated earlier.

Your appointment is subject to the provisions of the Companies Act, 2013 regarding appointment, fees, expenses, retirement, disqualification and removal of directors.

You shall not be liable to retire by rotation as per the relevant provisions of the Companies Act, 2013.

Your performance as an Independent Director will be reviewed during your tenure with the Company in accordance with processes agreed by the Board from time to time. You agree to participate in such reviews.

The Company is at liberty to disengage Non Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

## **2. Role, Duties and Responsibilities**

Your role and duties will be those normally required of an Independent Director under the Act and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act. You are expected to perform your duties, whether statutory, fiduciary or common law.

In addition to the above requirements, you are also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Companies Act, 2013, as in force and as may be amended from time to time. While performing such duties, roles and functions, you will be required to abide by the 'Guidelines of Professional Conduct' as stated under the said Schedule. (Annexure 1)

You are required to make disclosure of your interest as per the requirements of Section 184 of the Companies Act, 2013 and not participate in the meeting of the Board where any contract or arrangement in which you are interested is discussed. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

## **3. Committees**

As per the Board's current assessment, you will be Chairman/Member of the following Board Committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee

The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations. The Board may reconstitute the composition of any/all Committees, from time to time, and any such change shall be communicated to you.

## **4. Time Commitment**

You will be expected to devote such time as is necessary for the proper performance of your duties and to attend Board meetings and Committee meetings to which you may be appointed each year. You should strive to attend all the scheduled quarterly board meetings, Committee meetings, General meetings and other meetings as necessary.

As an Independent Director, you should strive to hold and be present in atleast one meeting in a year without the presence of the non-independent directors and members of the management with the sole objective of:

- 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. Access 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.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

#### **5. Status of Appointment & Directors' fees**

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 and approved by the Shareholders from time to time.

As an independent director you shall not be entitled to any stock option and shall not be covered by any pension scheme.

#### **6. Reimbursement of Expenses**

In addition to the remuneration described in point no. 5 the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you for attending the Board meetings and other Committee meetings of the Company.

#### **7. Conflict of Interest and Disclosures**

By accepting this appointment, you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as Independent Director of the Company. Should you become aware of any conflict or potential conflict during your appointment, you shall promptly disclose the same to the Company. Further, during the tenure, you agree to promptly notify of any change in your directorships.

Additionally, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.

During your tenure as an independent director you are required to give a declaration that you meet the criteria of independence, every financial year, as provided under Section 149 of the Companies Act, 2013. Format of disclosure is enclosed in Annexure 2.

#### **8. Code of Conduct for Prevention of Insider trading for employees including Directors**

We would also like to draw your attention to the applicability of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 on use of unpublished price sensitive information.

You will follow the Company's Code of Conduct to Regulate, Monitor and Report trading by Insiders (Annexure 3) and the aforesaid SEBI Regulations, which inter-alia prohibits the disclosure or use of unpublished price sensitive information.

You should not make any statement(s) or perform any transactions that might risk a breach of these requirements, unless the same is required under any law or the same is required for the purpose of compliance of any direction, order, etc. issued/given by any judicial authority, without prior clearance from the Managing Director or Company Secretary.

### **9. Code of Conduct & Confidentiality**

You will follow the Code of Conduct of the Company and furnish annual affirmation of the same.

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 or with prior clearance from the Managing Director. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

### **10. Liability**

As an Independent director you will be liable only in respect of such acts of omission or commission by a company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

### **11. Induction & Training**

The Company shall, if required, conduct formal induction program for its Independent Directors.

The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business.

### **12. Evaluation**

As a member of the Board, your performance shall be evaluated annually. Evaluation shall be done by all the other Directors.

### **13. Insurance**

Presently, the Company has no Directors' and Officers' liability Insurance policy. The Company may obtain a Directors' and Officers' liability Insurance policy. Details of the same will be provided as and when such policy is taken by the Company.

### **14. Independent Professional Advice**

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

### **15. Termination**

You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board stating the reasons for resignation and also to

Registrar of Companies (ROC). 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.

Your appointment may also be terminated in accordance with the provisions of the Act and the Articles of Association of the Company from time to time in force.

## **16. Governing Law**

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 subject to the exclusive jurisdiction of the Courts of Mumbai.

## **17. General**

All the terms as mentioned above including your appointment, remuneration, professional conduct, role, duties and evaluation, shall be governed by all the relevant provisions of the Companies Act, 2013 and rules made thereunder and Corporate Governance requirements under the Listing Agreement, as amended from time to time.

It is a pleasure to have you on Board. We are confident that your association, expertise and advise will immensely benefit the Company and the Board.

Kindly confirm your acceptance of the above terms by signing and returning the enclosed copy of this letter.

Yours sincerely  
**For National Plastic Industries Limited**

Sd/-

**Paresh V. Parekh**  
**Managing Director**  
**DIN No. 00432673**

## **AGREE AND ACCEPT**

I have read and understood the above terms regarding my appointment as an Independent Director of National Plastic Industries Limited and I hereby affirm my acceptance to the same.

Sd/-

**Dilip M. Thaker**  
**DIN No. 00260231**

Dated .....

## Annexure 1

### CODE FOR INDEPENDENT DIRECTORS

This is to inform you that in terms of Section 149(8) of the Companies Act, 2013 and Clause 49(II)(E)(3) of Listing Agreement and SEBI Guidelines, it is mandatory for all Independent Directors to adhere with the Code of Conduct of the Company.

The said Code has been prescribed under Schedule IV of the Companies Act, 2013 and the same is reproduced herein below for your perusal and ready reference:

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.

## Annexure 2

To,  
The Board of Directors

### Sub: Declaration under sub-section (6) of Section 149;

I, \_\_\_\_\_, hereby certify that I am a Non-executive Independent Director of National Plastic Industries Limited and comply with all the criteria of independent director envisaged in Clause 49 of the Listing Agreement and applicable provisions of Companies Act, 2013. I hereby certify that:

- I am not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters or directors in the company, its holding, subsidiary or associate company
- I have/had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of my relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover **or** total income **or** Rs. 50 Lacs **or** such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither Me nor any of my relatives –
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of –
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; **or**
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - (iii) holds together with his relatives 2% or more of the total voting power of the company; **or**
  - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company
- I am not a material supplier, service provider or customer or a lessor or lessee of the company;

I undertake that I shall seek prior approval of the Board if and when I have any such relationships/transactions as mentioned above, whether material or non-material.

Thanking you,

Yours faithfully,

\_\_\_\_\_  
Independent Director  
DIN: \_\_\_\_\_

**Date:**

**Place: Mumbai**

## Powers, Duties and responsibility of Independent Director

### **A. PROFESSIONAL CONDUCT:**

As an independent director of the Company, you shall:

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising your duties;
- c) exercise your responsibilities in a *bona fide* manner in the interest of the company;
- d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- e) not allow any extraneous considerations that will vitiate your 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;
- f) not abuse your 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;
- g) refrain from any action that would lead to loss of your independence;
- h) where circumstances arise which make an independent director lose your independence, the independent director must immediately inform the Board accordingly;
- i) assist the company in implementing the best corporate governance practices.

### **B. ROLE AND FUNCTIONS:**

As an Independent Director, you shall:

- b) 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;
- c) bring an objective view in the evaluation of the performance of board and management;
- d) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- e) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- f) safeguard the interests of all stakeholders, particularly the minority shareholders;
- g) balance the conflicting interest of the stakeholders;
- h) 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;
- i) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## C. DUTIES :

As an Independent Director, you shall—

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b) 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;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e) strive to attend the general meetings of the company;
- f) 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;
- g) keep themselves well informed about the company and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) 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;
- j) 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;
- k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m) 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.