

**DRAFT**

Date:

To

[Name of Independent Director]

Dear Mr.

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

We are pleased to inform you that, in accordance with the provisions of Section 149 read with schedule IV of the Companies Act, 2013 ("Act"), the shareholders of Shree Digvijay Cement Company Limited (the "Company") at their Annual General Meeting held on 20<sup>th</sup> May, 2015 have appointed you as an Independent Non-Executive Director ("Independent Director") of the Company.

Your appointment as Independent Director is subject to the following terms and conditions:

1. The appointment shall be effective from the date of above Annual General Meeting (AGM) for a period of five consecutive years up to the conclusion of 75<sup>th</sup> AGM of the Company in the year 2020.
2. You shall discharge your duties as an Independent Director in accordance with the provisions of Section 166 and other applicable provisions of the Act, the rules made there under, Listing Agreement, the Articles of Association of the Company etc. The relevant extracts of the Code for Independent Director as provided in Schedule IV of the Companies Act, 2013 defining the guideline for professional conduct, role & duties of Independent Directors, etc. are enclosed herewith for your ready reference as **Annexure 1**
3. You are expected to attend :
  - (a) regular Board / relevant Committee meetings and ensure that you have read and understood the contents of all the documents and information provided to you in relation to each Board / Committee meetings and pursue such additional enquiries as you consider necessary and appropriate to be informed with respect to the Company's financial and operational performance;
  - (b) the Annual General Meeting of the Company; and
  - (c) such other programmes / meetings as may be decided by the Board.
4. During your term as an Independent Director, the Board of Directors of the Company (the "Board") may, if it deems fit, nominate you for being appointed on one or more existing Committee(s) of Board or on any such Committee

that may be constituted in future. Your appointment on such Committee(s) will be subject to the applicable laws and regulations and terms of reference fixed by the Board.

5. In terms of section 2(60)(vi) of the Companies Act, 2013, an officer in default, inter alia, means:
  - every director, in respect of a contravention of any of the provisions of the Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance.
6. You are required to comply with the Company's Code of Conduct, Corporate Disclosure Policy for Prohibition of Insider Trading, Whistle Blower Policy and Company's other policies as may be applicable to you as Independent Director and as a Director of the Company from time to time.
7. The appointment as an Independent Director shall be subject to adherence to the Independence criteria as per the provisions of the Act and the Listing Agreement, which are enclosed herewith for your ready reference as **Annexure 2**.
8. As an Independent Director, you will be paid such remuneration by way of sitting fees for each meeting of the Board or any its Committees as may be decided by the Board and/or approved by the Shareholders from time to time. At present the Remuneration as decided by the Board with effect from 23<sup>rd</sup> April, 2014 is as under:

**I. Sitting Fees**

- a. Sitting Fees of Rs. 75,000 for each of following meeting attended by you:
    - i. Board of Directors; and / or
    - ii. Audit Committee of Board; and / or
    - iii. Nomination and Remuneration Committee of Board.
  - b. Sitting Fees of Rs. 15,000 for each meeting of Committees of the Board, other than above, attended by you.
  - c. Above Sitting Fees paid to Independent Directors will be exclusive of service tax, if any, payable as per applicable rate.
- II.** You will be reimbursed for all the expenses incurred for attending any meeting of the Board or Committees thereof, and which may arise from performance of any special assignments given by the Board.
9. You have been covered under the Directors and Officers Liabilities Insurance Policy of the company. The details of the policy are as follows :

**Sum Insured Limits:** Aggregate of all insurance covers and extensions, except excess aggregate limit for each non-executive director, of Rs. 5 crores.

**Policy Period:** 29<sup>th</sup> August 2014 to 28<sup>th</sup> August 2015

**Who are covered:**

- D&O policy insures directors and officers of the Company as per Policy against loss (damages and defense costs) arising out of their wrongful acts committed in the capacity of such directors or officers.
- Deliberate fraudulent act and criminal acts are outside the ambit of Policy.

**Key Exclusions:**

- Environmental damage and pollution (defense cost is covered which fall within non-indemnifiable loss)
- Bodily injury and property damage
- Product Liability claims.

10. Continuation of your appointment is contingent on your getting elected/re-elected by the shareholders in accordance with the provisions of the Act and the Articles of Association of the Company, from time to time in force. Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company or the applicable provisions of the Act and rules made thereunder from time to time in force.

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.

11. The copy resolution of the Annual General Meeting of the shareholders as referred above is attached herewith for your ready reference as **Annexure 3**.

12. It is agreed that this is a contract for services and is not a contract of employment.

Please acknowledge your acceptance by signing where indicated below.

Yours sincerely,

Chain Singh Jasol  
Whole-time Director

I agree to the terms hereof and acknowledge received of this letter

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

**RELEVANT EXTRACT OF CODE FOR INDEPENDENT DIRECTORS  
(Schedule IV of the Companies Act, 2013)**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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 fulfills 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 fulfills 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.

**<on letterhead of individual director>**

Date:

To,  
The Board of Directors,  
Shree Digvijay Cement Company Limited  
P.O. Digvijaygram, Jamnagar

Dear Sir,

Re: Declaration of Independence pursuant to sub-sections (6) & (7) of Section 149 of the Companies Act, 2013 and the Listing Agreement

I, **[insert name of director]**, resident of **[insert address of director]** having DIN no. **[insert DIN]** confirm and declare that I meet the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013 and Listing Agreement, as detailed below, for the status of Independent Director in Shree Digvijay Cement Company Limited (“the Company”).

1. I am not managing director or a whole-time director or a nominee director of Company.
2. I am not/was not a promoter of Company or its holding, subsidiary or associate company;
3. I am not related to promoters or directors in Company, its holding, subsidiary or associate company;
4. I have no/had no pecuniary relationship with 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;
5. none of my relatives has or had pecuniary relationship or transaction with Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
6. I, neither myself nor any of my relatives—
  - a. 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;
  - b. am/are or have 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 ten per cent or more of the gross turnover of such firm;

c. hold together with my relatives two per cent or more of the total voting power of the Company; or

d. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, 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 company; or

7. I am not a material supplier, service provider or customer or a lessor or lessee of the Company

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**(NAME OF DIRECTOR)**

**Shareholders Resolution  
(as per AGM Notice)**