

(Draft Letter of Appointment to be issued to Independent Directors on Appointment at the ensuing AGM to be held on 30<sup>th</sup> September, 2014)

**Date :**

**To,**

**[Insert name of Independent Director]  
[Insert address]**

**Dear Sir,**

**Sub : Appointment as an Independent Director of Rajasthan Cylinders And Containers Ltd**

We are pleased to inform 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. This letter sets out the terms of your appointment :-

### **Appointment**

In accordance with the provisions of Companies Act, 2013 and other applicable laws, you have been appointed as an independent director of the company to hold office for five consecutive years from 30<sup>th</sup> September, 2014 upto 29<sup>th</sup> September, 2019.

In compliance with the provisions of 149(13) of Companies Act, 2013, your directorship is not subject to retirement by rotation.

Your Re-appointment at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to approval of Board and the shareholders. Your re-appointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criterion as envisaged in Section 149(6) of the Companies Act, 2013 [and clause 49 of Listing Agreement as amended vide circular issued by SEBI ref. no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and effective from October1, 2014].

### **Board Committees**

You have been appointed as a Chairman/Member of the following committees of the Board –

- i.
- ii.

The mandates of the aforesaid committees are provided as Annexures.

### **Role and Duties**

Your roles and duties will include :

1. During your tenure as an Independent Director, you will have to submit a declaration at the beginning of every Financial Year as well as upon any change in circumstances that may affect your status as an Independent Director 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 the 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 shall abide by the 'Code For Independent Directors' as outlined in Schedule IV to Section 149(8) of Companies Act, 2013. For your further reference, the said code is attached herewith this letter as Annexures.

5. You will ensure compliance with other provisions of the Companies Act, 2013 and clause 49 of the listing Agreement as applicable to you as an Independent Director.

6. 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 behaviour;

(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.

### **Remuneration**

1. You will be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Board Committee meetings, Annual general meetings, Extra-Ordinary general meetings and for all other official work.

2. As per applicable law, you will not be entitled to any stock options.

### **Code of Conduct**

As an Independent Director of the company, you agree to comply with the Code of Conduct of the company for Non-Executive Directors. For your reference, the Code of Conduct for Non – Executive Directors are outlined below –

1. Non-Executive Directors of a Company will always act in the interest of the Company & ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the company and his/her role therein.

2. Non-Executive Directors will comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities.

3. Non-Executive Directors will safeguard the confidentiality of all information received by them by virtue of their position.

Unless specifically authorized by the company, you shall not disclose company and business information to any other outsiders.

Additionally, you shall not participate in any business activity which might limit the application of your independent judgement in the best interest of the company.

Non-Executive Directors shall also abide by 'Code of Conduct for Board Members and Senior Management Personnel' of the company. The said code is available on the website of the company.

### **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. In terms of the provisions of Companies Act, 2013, you are also required to file a copy of your resignation letter with the Registrar of Companies.

During your term, if there is a change that may affect your status as an independent director as envisaged under Section 149(6) of Companies Act, 2013 or if you fail to meet the criterion for independence under the provisions of clause 49 of Listing Agreement, you agree to promptly submit your resignation to the company with effect from date of such change.

### **Miscellaneous**

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

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

Yours Sincerely,

For **Rajasthan Cylinders And Containers Limited**

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Name : Avinash Bajoria  
Designation : Managing Director  
DIN No. 01402573

### **Agreed And Accepted**

I have read and agree to the above terms regarding my appointment as an Independent Director of Rajasthan Cylinders And Containers Limited.

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Name :  
Place :  
Date :

### **Audit Committee**

The terms of reference of Audit Committee are as under :-

- Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - (a) Any changes in accounting policies and practices ;
  - (b) Major accounting entries based on exercise of judgement by management ;
  - (c) Qualifications in draft audit report ;
  - (d) Significant adjustments arising out of audit ;
  - (e) The going concern assumption
  - (f) Compliance with accounting standards ;
  - (g) Compliance with stock exchange and legal requirements concerning financial statements ;
  - (h) Any related party transaction as per Accounting Standard 18.
- Reviewing the company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, internal auditors, the adequacy of internal control systems.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
- Reviewing compliances as regards the Company's whistle blower policy.

### **Nomination and Remuneration Committee**

The terms of reference of the Nomination and Remuneration Committee are as under :

- The committee shall be responsible for making recommendations regarding the composition of Board and in this regard shall –
  - (a) Identify independent directors to be inducted to the Board from time to time;
  - (b) Take steps to reconstitute the composition of the Board from time to time.
- To approve annual remuneration plan of the company ;
- To approve the remuneration and commission, if any, payable to the Managing Director for each financial year.
- Such other matters as the Board may from time to time request the Nomination and Remuneration Committee to examine and recommend/approve.

### **Shareholders/Investors Grievance Committee**

The committee looks into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend, if any /notices /annual reports etc.

## 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;

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- (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.