

Draft of Letter of Appointment to be issued to Independent Directors. This is a Model Letter of Appointment and is subject to Amendment/ Modification.

To,

Shri/ Smt.

Sub.: Your appointment as an Independent Director of the Company.

You have been an independent director on the Board of the Company for the past year/s.

Pursuant to Section 149 read with Schedule IV to the Companies Act, 2013 (the "Act") read with revised Clause 49 of the Listing Agreement, this Letter of Appointment is being issued to confirm your appointment as an independent director to the Board of Jai Corp Limited and to set out the terms and conditions governing your appointment.

- **Term of Appointment**

A. Your appointment will be for one term of 5 (five) years commencing with effect from September 19, 2014 during which period you shall not be liable to retire by rotation.

Your appointment and continuation in office of the independent director are subject to the provisions of the Act, the Rules framed thereunder and the Listing Agreement with the Stock Exchanges.

You may cease to hold the office of an independent director by:

- (a) giving written notice of resignation to the Company as well as to the Ministry of Company Affairs; or
- (b) on completion of your term of office, as pursuant to the provisions of the Act and the Listing Agreement you are eligible for only 1(one) term of 5 years; or
- (c) on the happening of an event mentioned in the Act, or in the Articles of Association of the Company that results in vacation of office of a director; or

(d) your removal pursuant to the provisions of the Act.

B. Your performance as an independent director shall be evaluated as per the criteria laid down by the Nomination and Remuneration Committee. By signing this Letter of Appointment, you agree to submit yourself to such evaluation.

• **The expectation of the Board from the appointed director**

A. As an independent director, you shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising your duties;
- (3) exercise your responsibilities in a *bona fide* manner in the interest of the Company;
- (4) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- (5) 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;
- (6) 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;
- (7) refrain from any action that would lead to loss of your independence;
- (8) where circumstances arise which make you lose your independence, you must immediately inform the Board accordingly;
- (9) assist the Company in implementing the best corporate governance practices.

As an Independent Director you will be involved in a number of Board and committee meetings each year. You are expected to attend the scheduled Board meetings, the annual general meeting, and other committee meetings as and when the same are held. The Company will provide you with adequate notice of the proposed meeting dates. By accepting this appointment, you confirm that you will allocate sufficient time to meet the expectations of your role.

As an independent director you shall strive to remain present in at least one meeting per year without the attendance of non-independent directors and members of management, *inter-alia*, for the purpose of:

- (a) reviewing the performance of non-independent directors and the Board as a whole;
- (b) reviewing the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

- (c) assessing 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.

Presently you are a member of the following committee/s of the Board:

- (a) Audit Committee. Terms of reference of the Committee is given in **Annexure-I**

B. Your role in the Company is expected to:

- (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) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy yourself 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.

• **The fiduciary duties along with accompanying liabilities**

Duties :

A. As an independent director you shall—

- (1) undertake appropriate induction and regularly update and refresh your 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 you are a member;
- (4) participate constructively and actively in the committees of the Board in which you are the chairperson or member;
- (5) strive to attend the general meetings of the Company;
- (6) where you 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 yourself 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 yourself 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 your 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.

B. Additionally, as a director you shall –

- (i) act in accordance with the articles of the Company;
- (ii) act in good faith in order to promote the objects of the Company;
- (iii) exercise your duties with due and reasonable care, skill and diligence and exercise independent judgment;
- (iv) 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) not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates and if you are found guilty of making any undue gain, you shall be liable to pay an amount equal to that gain to the Company;
- (vi) not assign your office.

C. Further, during the term of your appointment, you shall -

- (i) not accept benefits from third parties ;
- (ii) disclose any direct or indirect concern or interest in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by the Company –
 - with a body corporate in which you individually or in association with another director, hold more than two per cent shareholding of that body corporate, or you are a promoter, manager, chief executive officer of that body corporate; or
 - with a firm or other entity in which you are a partner, owner or member.

- (iii) not deal in securities of the Company based on unpublished price sensitive information or otherwise during the periods when the trading window for the Company's securities is closed;
- (iv) not indulge in forward dealings in securities of the Company which is prohibited under the Act.

Liabilities:

As an independent director you may be held liable for the default for a particular provision of the Companies Act, if such violation has occurred with your knowledge, attributable through Board process, with your consent or connivance or where you have not acted diligently.

- **Provisions for Directors and Officers (D and O) insurance**

The Company has taken D and O insurance from Tata AIG General Insurance Company Limited and as a director you will be covered by, and to the extent of, such insurance.

- **The Code of Business Ethics that the Company expects its directors and employees to follow**

The Code of Conduct and Business Ethics for Directors and Senior Management is given in **Annexure – II** and the Vigil Mechanism & Whistle Blower Policy is given in **Annexure III**.

- **List of actions that a director should not do while functioning as such in the Company**

A. During the period your remain as an independent director neither you nor any of your relative-

- (i) shall hold the position of a key managerial personnel or become an employee of the company or its holding, subsidiary or associate company;
- (ii) become an employee or proprietor or a partner 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;
- (iii) shall hold together with your relatives two per cent. or more of the total voting power of the Company; or
- (iv) shall become the chief executive or a director, by whatever name called, of any nonprofit 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;

B. You shall be eligible for appointment as an independent director on expiry of the present term but after a gap of 3 (three) years.
However, in order to be eligible for appointment after the expiry of your present term you shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

OR You shall be eligible for appointment as an independent director on expiry of the present term.

C. The list of relatives is given in **Annexure-IV**.

- **Remuneration**

- In consideration of your services, the Company will pay you fees for attending each meeting of the Board or any committee thereof or any meeting of any independent director, as fixed by the Board.
- In case the Board decides, you may be entitled to be paid commission as approved by the members.

- **Publication of letter**

Your individual letter of appointment will be open for inspection by any member and the Company will also post the generic copy of this letter on the Company's website.

Kindly sign at the space provided below as acknowledgement of having received this Letter of Appointment and in token of your confirmation of the contents hereof.

Yours faithfully,
For **Jai Corp Limited**

**I confirm receipt of the Letter
and accept the terms of appointment**

Chairman
Enclo.: Annexures- I to IV

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Annexure-I.

Terms of Reference to the Committees to which you are a member:

1. Audit Committee:

I. Pursuant to the provisions of Section 177(4) of the Companies Act, 2013, the terms of reference and powers of the Audit Committee are given below:

(i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

(ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iii) examination of the financial statement and the auditors' report thereon;

(iv) approval or any subsequent modification of transactions of the company with related parties;

(v) scrutiny of inter-corporate loans and investments;

(vi) valuation of undertakings or assets of the company, wherever it is necessary;

(vii) evaluation of internal financial controls and risk management systems;

(viii) monitoring the end use of funds raised through public offers and related matters;

(ix) authority to investigate into any matter in relation to the items specified under (i) to (viii) above;

(x) call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors;

(xi) review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the company;

In addition the Audit Committee is mandated to

(xii) establish and oversee a vigil mechanism for directors and employees to report their genuine concerns or grievances with adequate safeguards against victimization of persons who use such mechanism;

II. Pursuant to revised Clause 49 of the Listing Agreements, applicable with effect from 01-10-2014, the Audit Committee shall have the powers, role and authority to review as detailed below:

A. Pursuant to Clause 49 (III) (C) the Audit Committee will have the power to:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. Pursuant to Clause 49 (III) (D) the Audit Committee's role will include carrying out all or any of the following activities:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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 a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

C. Pursuant to Clause 49 (III) (E) the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor;

2. Nomination and Remuneration Committee:

I. Pursuant sub-sections (2) and (3) of Section 178 the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the terms of reference and powers of the Nomination and Remuneration Committee are given below:

(a) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

(b) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

while formulating the policy the Committee should ensure that—

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

II. Pursuant to revised Clause 49 (IV) (B) of the Listing Agreement, the Committee's role will be:

1. formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. formulate criteria for evaluation of Independent Directors and the Board;
3. devise a policy on Board diversity;
4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

3. Stakeholders Relationship Committee

Pursuant to sub-section (6) of Section 178 read with revised Clause 49 (VIII)(E)(4) of the Listing Agreement the terms of reference of the Stakeholders Relationship Committee are given below:

1. to resolve the grievances of security holders of the Company;
2. look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

4. Corporate Social Responsibility Committee:

Pursuant to Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the terms of reference of the Corporate Social Responsibility Committee are:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) monitor the Corporate Social Responsibility Policy of the Company from time to time; and
- (d) institute a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programmes or activities undertaken by the Company.

Annexure II :

Code of Conduct and Business Ethics for Directors and Senior Management to be attached.

Annexure III :

Vigil Mechanism & Whistle Blower Policy to be attached

Annexures IV :

List of relatives.

Pursuant to clause (77) of section 2 of the Companies Act, 2013, the term “relative”, with reference to any person, means any one who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as is stated in Rule 4 of the Companies (Specification of definitions details) Rules, 2014 -

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father: Provided that the term “Father” includes step-father.
- (2) Mother: Provided that the term “Mother” includes the step-mother.
- (3) Son: Provided that the term “Son” includes the step-son.
- (4) Son’s wife.
- (5) Daughter.
- (6) Daughter’s husband.
- (7) Brother: Provided that the term “Brother” includes the step-brother;
- (8) Sister: Provided that the term “Sister” includes the step-sister.