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CIN : L24116MH1989PLC052224



To,  
Mr. A.A. Krishnan,

Dear Sir,

We welcome you on the Board of Directors (the "Board") of **Vinati Organics Limited** (the "Company") pursuant to your appointment by the Board at its meeting held on 11.09.2014.

This letter sets out the following terms and conditions of your appointment as an Independent Director of the Company.

## 1. Appointment

- 1.1 Your term of appointment as an Independent Director on the Board will be effective for 5 consecutive years with effect from the conclusion of the Annual General Meeting held on 09.08.2014, till 31<sup>st</sup> March 2019.

Your appointment shall be governed by the provisions of the Companies Act, 2013 ("the Act") and other policies as are in place or may be approved by the Board from time to time.

- 1.2 As an Independent Director, you are expected to bring objectivity and independence of view to the Board's and Board Committees, if any, discussions and to help provide the Board with insight and effective leadership in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance. You are also expected to observe and comply with applicable law, the charter documents of the Company and the rules, regulations and policies of the Company, in relation to your directorship and the business of the Company.

## 2. Role Functions and Duties

Your role and duties will be those normally required of an Independent Director under the applicable laws, rules and regulations as may be in force and applicable at any point of time.

### 2.1. Role and Functions

As an Independent Director on the Board, you will be responsible for some tasks individually and some collectively with the other Directors of the Company. Accordingly, you are expected to:

- (i) 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;
- (ii) bring an objective view in the evaluation of the performance of board and management;
- (iii) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (iv) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (v) safeguard the interests of all stakeholders, particularly the minority shareholders;

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**Regd. Office & Mahad Works** : B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra, India.  
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- (vi) balance the conflicting interest of the stakeholders;
- (vii) collectively 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; and
- (viii) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders' interest.

## **2.2. Your Duties**

As an independent Director you will:

- (i) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (ii) 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;
- (iii) strive to attend all meetings of the Board and of the Committees of which you are a member;
- (iv) attend meeting(s) of the independent directors of the Company to:
  - (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; and
- (v) 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;
- (vi) participate constructively and actively in any Committees in which you are a chairperson or member;
- (vii) strive to attend the general meetings of the Company;
- (viii) 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 your concerns are recorded in the minutes of the Board meeting;
- (ix) keep yourself well informed about the Company and the external environment in which it operates;
- (x) not to unfairly obstruct the functioning of an otherwise proper Board or Committee;
- (xi) 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;
- (xii) 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;

- (xiii) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (xiv) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees; and
- (xv) 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.

In addition to the above, your conduct will be governed by applicable laws and guidelines as may be applicable and in force from time to time. The aforementioned guidelines for professional conduct and duties and responsibilities of directors shall be deemed to be incorporated into this letter of appointment and shall form an integral part of this letter. Refer Annexure-A for details.

### 3. Remuneration and Reimbursement of Expenses

- 3.1. You will be paid sitting fees for attending the meetings of the Board and its Committees as has been resolved by the Board or may hereafter be resolved. Currently the Company pays Rs.10000/- as the sitting fees for each meeting of the Board and Rs.10000/- as the sitting fees for each Committee meeting.
- 3.2. The remuneration shall be subject to applicable taxes and the Company may withhold therefrom any amounts as are required to be withheld pursuant to applicable laws. Any tax liability arising in respect of payments made pursuant your remuneration shall be borne solely by you.
- 3.3. The Company has Directors' and Officers' liability insurance (D&O Insurance Policy) and it is intended that the Company will assume and maintain such cover for the full term of your appointment.
- 3.4. In addition to the remuneration described above the Company will, for the tenure of your appointment, reimburse you for the travel, hotel and other incidental expenses incurred by you from time to time in the performance of your role and duties as a director of the Company.

### 4. Conflict of Interest

- 4.1. It is accepted and acknowledged that you may have directorships/ business interests other than those of the Company. As a condition precedent to your appointment commencing, you are required to declare your directorships, appointments and interests to the Board in writing in the prescribed form. Thereafter, you need to make additional/ fresh disclosures whenever there is a change or potential change in your disclosed interest and also annually before the commencement of each financial year. Additionally, you shall also give an annual declaration that you meet all the criteria for independence as specified in Section 149 of the Act.
- 4.2. In the event that circumstances change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to the Board immediately through the Company Secretary.
- 4.3. The Company is required to include in its annual accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

5. Other Terms and Conditions

5.1. Evaluation

The performance evaluation of every Director, including yourself, will be conducted on an annual basis, based on the parameters and guidelines as framed by the Nomination & Remuneration Committee and approved by the Board.

5.2. Separation

- (i) 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 to the Board stating out the reason for your resignation as a director of the Company.
- (ii) At the end of Term, and in case you are not re-appointed by the shareholders of the Company, you will not be entitled to any compensation with regard to your separation.
- (iii) Your appointment may terminate or cease in accordance with applicable law, including the Act and the provisions of the articles of association of the Company from time to time as may be in force.

6. Confidentiality

All information acquired during your tenure as director of the Company is confidential to the company and should not be released, either during your tenure or following separation to third parties without prior clearance from the Chairman of the Company unless specifically required under law or by the rules of any stock exchange or any regulatory body. On reasonable request, you shall surrender any of such documents and other materials made available to you by the Company

7. Liability

While it is expected that in the performance of your duties you will exercise all diligence and care, please be informed that you will be liable in respect of such acts of omission or commission by the Company which had occurred with your knowledge, attributable through Board processes and with your consent or connivance or where you had not acted diligently, which lead to penal consequences and damages for the Company.

8. Miscellaneous

- 8.1. Your appointment is also subject to the maximum permissible directorships that one can hold under applicable law, including as per the provisions of the Act.
- 8.2. This letter of appointment does not constitute a contract of employment in any manner and should be treated accordingly.
- 8.3. You may be invited to attend an ongoing training and familiarization sessions, including briefings from management and site visits. Please avail yourself of these opportunities as fully as is appropriate to your personal circumstances.
- 8.4. We are enclosing an Induction Kit capturing the details of our Board members, Senior Management Team, Board Committees, Financial performance, Applicable Codes etc. (Annexure-B). We trust you will find these useful and informative.

9. Contact Person

Mr. Guvant S. Singhi, Company Secretary cum Finance Controller, (email id: shares@vinatiorganics.com, phone no 39484402) shall remain in regular touch with you to provide all required clarifications/information, as you may require relating to our Company.

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

Yours sincerely,

For and on behalf of Board of Directors

**Vinati Organics Limited**

**Sd/-**

**Managing Director**

**I hereby acknowledge receipt of and accept the terms set out in this letter.**

A. A. Krishnan

Signed

Dated: 30<sup>th</sup> October 2014

## Annexure - A: Guidelines for 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;
6. exercise 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;
7. 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;
8. refrain from any action that would lead to loss of his independence; where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly; and
9. assist the company in implementing the best corporate governance practices.

Annexure - B

A. LIST OF DIRECTORS:

Sr. No.	Name & Address	Nationality	Occupation	Position	Date of Appointment
1	Mr. Vinod Banwarilal Saraf 901, Vinayak Heights CHS Ltd., Girnar Bunglow, 55, Pali Hill, Bandra (West), Mumbai – 400 050.	Indian	Service	Managing Director & CEO	15.06.1989
2	Mr. Girish Mohanlal Dave Flat No.1704, 17 <sup>th</sup> Floor, Phoenix Tower B, Senapati Bapat Marg, Lower Parel, Mumbai-400013.	Indian	Profession	Director	24.09.1990
3	Mr. Chintaman Bhaskar Gokhale Flat No. 804, 'D' Bldg., Vijay Nagar CHS Ltd., Swami Nityanand Marg, Andheri (E), Mumbai - 400 069.	Indian	Profession	Director	05.08.1994
4	Mr. Ayilur Akileswaraiyer Krishnan Appt. – 104, Plot No.3/161, Harshavardhan CHS Ltd., Off. Juhu-Versova Link Rd., Andheri (W), Mumbai - 400053.	Indian	Profession	Director	27.03.1992
5	Mr. Sunil Banwarilal Saraf B/105, Sunswapt, Lokhandwala Complex, Andheri (W), Mumbai - 400053.	Indian	Service	Director	15.06.1989
6	Mrs. Vinati Saraf Mutreja 1101, Virgo Heights, Plot No. 388, 16 <sup>th</sup> Road, Bandra (West), Mumbai – 400 050.	Indian	Service	Executive Director	20.05.2006
7	Mrs. Viral Saraf Mittal 901/902, Capri Heights, St. Andrews Road, Pali Hill, Bandra (W), Mumbai - 400 050.	Indian	Service	Director-Corporate Strategy	19.05.2009
8	Mr. R. K. Saraswat 6-A, Asian Assurance Building, Manmala Tank Road, Mumbai – 400 016.	Indian	Profession	Director	24.01.2011
9	Mr. Mohit Rajesh Mutreja 1101, Virgo Heights, Plot No. 388, 16 <sup>th</sup> Road, Bandra (West), Mumbai – 400 050.	Indian	Business	Director	19.05.2009

B. COMPOSITION OF BOARD COMMITTEES:

1. Audit Committee

Sr. No.	Directors	Role	Status
1.	Mr. R. K. Saraswat	Chairman	Independent Director
2.	Mr. Girish M. Dave	Member	Independent Director
3.	Mr. C. B. Gokhale	Member	Independent Director

2. Corporate Social Responsibility Committee

Sr. No.	Directors	Role	Status
1.	Mr. Vinod Saraf	Chairman	Managing Director
2.	Mr. Girish M. Dave	Member	Independent Non-Executive Director
3.	Mrs. Vinati Saraf Mutreja	Member	Executive Director
4.	Mrs. Viral Saraf Mittal	Member	Director-Corporate strategy

3. Nomination & Remuneration Committee

Sr. No.	Directors	Role	Status
1.	Mr. Girish M. Dave	Chairman	Independent Non-Executive Director
2.	Mr. A. A. Krishnan	Member	Independent Non-Executive Director
3.	Mr. Sunil Saraf	Member	Non-Independent Director

4. Share Transfer Committee

Sr. No.	Directors	Role	Status
1.	Mr. Vinod Saraf	Chairman	Managing Director
2.	Mrs. Vinati Saraf Mutreja	Member	Executive Director
3.	Mr. Sunil Saraf	Member	Non-Independent Director

5. Shareholders'/Investors' Grievance Committee

Sr. No.	Directors	Role	Status
1.	Mr. A. A. Krishnan	Chairman	Independent Non-Executive Director
2.	Mr. Vinod Saraf	Member	Managing Director
3.	Mrs. Vinati Saraf Mutreja	Member	Executive Director

6. Finance Committee

Sr. No.	Directors	Role	Status
1.	Mr. Vinod Saraf	Chairman	Managing Director
2.	Mrs. Vinati Saraf Mutreja	Member	Executive Director
3.	Mr. Mohit Mutreja	Member	Non-Independent Director
4.	Mr. Sunil Saraf	Member	Non-Independent Director

7. Sexual Harassment Committee

Sr. No.	Directors	Role	Status
1.	Mrs. Vinati Saraf Mutreja	Member	Executive Director
2.	Mrs. Viral Saraf Mittal	Member	Director-Corporate strategy

C. SENIOR MANAGEMENT:

1. Mr. Jayesh Ashar – Chief Operating Officer
2. Mr. M. K. Churiwala – Sr. V. P., Marketing
3. Mr. Amit Thanawala – V.P., Marketing



D. CHIEF FINANCIAL OFFICER: Mr. Nandkishore Goyal

E. COMPANY SECRETARY CUM FINANCE CONTROLLER: Mr. Gunvant S. Singhi

F. FINANCIAL PERFORMANCE:

Particulars	(Rs. in Lacs)		
	Year ended (2013-2014)	Year ended (2012-2013)	Year ended (2011-2012)
Total Revenue	69644.38	54546.32	45029.35
Operating Profit (PBDIT)	16205.64	12409.41	9446.75
Interest	1814.64	1153.87	582.82
Depreciation	1531.72	994.95	703.71
Profit Before Tax	12859.28	10260.59	8160.22
Current Tax	3539.50	2317.96	2329.10
Deferred Tax	704.43	1120.14	316.37
Profit After Tax	8615.45	6866.28	5480.54
Provision for earlier year W/back/provided	0.00	(43.79)	34.21

G. CODE FOR INDEPENDENT DIRECTORS

[SCHEDULE IV read with section 149(8) 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 clarification 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 and non-executive directors;

(c) assess the quality, quantity and timelines of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(d) assess the quality, quantity and timeliness of flow of information between the co

#### **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.

#### **H. Duties of Directors as per Section 166 of the Companies Act, 2013**

(1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

(2) A director of a company shall 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.

- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not. involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.