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Sub: Appointment as an Independent Director of SOMANY CREAMICS LIMITED

Dear Sir,

We thank you for your confirmation to Somany Ceramics Limited (“the Company”) that you meet the “independence” criteria as envisaged in Section 149(6) of the Companies Act, 2013 (“the Act”) and Clause 49 of the Listing Agreement [as amended vide Circular issued by Securities and Exchange Board of India (SEBI) Ref. No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and further amended vide Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014] and also for your consenting to hold office as a Director of the Company.

This letter sets out the terms of your appointment as an Independent Director (ID). Your relationship with the Company will be that of an office-holder and not one of contract for employment in the Company. The terms of your appointment, as set out in this letter, are subject to the extant provisions of the (i) Applicable laws, the Act and Clause 49 of the Listing Agreement (as amended from time to time) and (ii) Articles of Association of the Company (“AOA”), which are as follows:-

1. Terms of Appointment:

Your appointment as a Non-Executive Independent Director on the Board of Directors of the Company is subject to approval of the shareholders and as per the provisions of the Companies Act, 2013 read with clause 49 of the Listing Agreement (including any subsequent amendment thereof).

If appointment is by Board of Directors as Additional Director, then continuance of directorship beyond the next Annual General Meeting is subject to appointment by the Members of the Company in the said Annual General Meeting.

- 1.1** Your appointment as Non-Executive Independent Director is for a term of five (5) years on the Board of Directors of the Company with effect from the date of Appointment, subject to approval of the Shareholders at the General Meeting, unless terminated earlier or extended, as per the provisions of this letter or applicable laws (“Term”).
- 1.2** As Non-Executive Independent Director you will not be liable to retire by rotation.
- 1.3** During your tenure as Non-Executive Independent Director, you may be nominated on one or more of the Board Committees as may be constituted from

time to time. Your appointment on such Committee(s) will be subject to the applicable laws and regulations. The Board may reconstitute the composition of any / all Committees, from time to time, and any such change shall be promptly communicated to you. You are expected to attend the meetings of the Committees as and when required.

2. Expectation of the Board

As Non-Executive Independent Director, you are expected to devote such time as may be considered prudent and necessary to perform your duties as an Independent Director. You are expected to attend the meetings of the Board/Shareholders as and when required, and to devote such time to your duties, as appropriate to discharge your duties effectively.

3. Role, Duties and Responsibilities

3.1 Your Duties and liabilities as Independent Director will be as per the applicable laws, Company's policies and the Article of Association of the Company. You should strive to attend all the Board Meetings, Committee Meetings and other meetings as may be held as per the provisions of the Act and provide your expertise and experience in the functioning of Board and the Committees of the Board in which you may be nominated.

3.2 You shall abide by the 'Code For Independent Directors' as outlined in Schedule IV under section 149(8) of the Act and duties of directors as provided in the Act(including section 166) and in Clause 49 of the Listing Agreement. For your ready reference, the relevant provisions have been extracted and attached to this letter as "Annexure-A".

3.3 You shall also abide by the Code of Internal Procedures and Conduct for prevention of Insider Trading framed by the Company under SEBI (Prohibition of Insider Trading Regulation), 1992. -

4. Directors' fees/Remuneration:

4.1 Unless decided otherwise, a sitting fee will be paid to you for attending each meeting of the Board as well as that of the Committee, as per provisions of section 197 of the Act, and the Articles of Association of the Company, and as may be decided by the Board from time to time;

Further, you will also be paid remuneration by way of commission as a percentage of net profits (in case of profit, if any) as may be approved by the Board and the Shareholders from time to time within the limits as provided in Section 197 of the Companies Act, 2013.

4.2 You will be entitled to claim reimbursement for your entire travelling, hotel and other incidental expenses incurred by you in performance of your duties, as per the provisions of the Act..

5. Review:

As a member of the Board, your performance shall be evaluated annually. Evaluation shall be done by the Board of the Company. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve overall effectiveness of the Board/Committee.

6. Indemnity and Insurance:

While acting in your capacity as a Director of the Company, the Company will provide you an appropriate insurance cover under Directors & Officers Liabilities Insurance Policy.

7. Induction and Development

The Company shall, if required, conduct formal induction programme 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. The Company will fund/arrange for training on all matters which are common to the whole Board as and when required.

8. Disclosures, other directorships and business interests

During the Term, you agree to promptly notify the Company in writing of any change in your directorships, and provide such other disclosures and information's as may be required under the applicable laws and that there are no conflict of interests that are apparent at present. You also agree that upon becoming aware of any potential conflict of interests with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary.

9. Actions not to be undertaken

During your tenure as Independent Director on the Board of Company you shall not:

- indulge in unethical practices,
- accept any extraneous considerations that will vitiate the exercise of objective of independent judgment,
- 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,
- indulge in any action that would lead to loss of your independence

10. Confidentiality

10.1 You must apply the highest standards of confidentiality and not disclose to any person or company (whether during or after the "Terms") any confidential information concerning the Company and any Group companies with which you come into contact by virtue of your position as a Non-Executive Independent Director of the Company.

10.2 Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently, you should avoid making any statement that might risk a breach of these requirements without prior clearance from the Chairman.

11. Termination

- a. 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.
- b. Notwithstanding other provisions of this Letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) of the Act or on occurrence of any event for vacation of office of Director of the Company as provided under Section 167 of the Act. You will not be entitled to compensation if the shareholders do not re-appoint you at the general meetings.

12. General

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 Act, Listing Agreement and the other applicable laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts in India.

Please confirm your acceptance by returning a copy of this letter duly signed by you. We thank you for your continued support and commitment to the Company.

Yours Sincerely,
For **SOMANY CREAMICS LIMITED**

(Shreekant Somany)
Chairman & Managing Director

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

Name:

Place: -

Date:

<<This is model letter for Appointment of Independent Directors and is subject to amendment/modification as per prevailing law as may be re-enacted from time to time.>>

Annexure-A
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 control 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.