

TBP:BRD:27:422

14<sup>th</sup> August, 2014

Shri M.L. Apte,  
Director,  
Standard Industries Limited,  
Mumbai.

Dear Sir,

Re : Your appointment as Independent Director of the Company

We are pleased to advise you that at the Annual General Meeting held on 14<sup>th</sup> August, 2014, Shareholders have approved your appointment as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting.

**A. Preliminary**

Your appointment is subject to the following:

1. You will submit a declaration in the beginning of every financial year under section 149 (7) of the Act during your tenure stating that you meet the criteria of independence.
2. So long as you are 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 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 will ensure compliance with other provisions of the Act and the listing agreement as applicable to you as an independent director.



...2/-

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**B. Term**

Your appointment is for a term of 5 years from the conclusion of this Annual General Meeting.

**C. Committees**

You have been appointed on the following committees of the Board :

- (a) Audit Committee.
- (b) Nomination and Remuneration Committee.

**D. Code of Conduct and Duties and Responsibilities**

1. You will abide by the Company's Code of Conduct as set out separately in '**Annexure-1**'.
2. You will abide by the Guidelines of professional conduct, Role, Function and Duties as an independent director (as provided in Schedule IV of the Companies Act, 2013) set out at **Annexure-2** hereto.
3. You are expected to stay updated on how best to discharge your roles, responsibilities, and duties and liabilities, as an independent director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.
4. 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;

...3/-



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- (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.

**E. Performance Evaluation**

Your reappointment or extension of term and your remuneration will be recommended by the Committee to the Board, pursuant to a performance evaluation carried out by the Board.

**F. Remuneration**

1. Your annual remuneration will be as under:
  - (a) sitting fees for attending each meeting of the Board and its committees as may be determined by the Board from time to time, and
  - (b) commission, if any, that may be determined by the Board payable at the end of each financial year will be based on the performance of the Company and your performance evaluated by the Board of directors.
2. You will be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Board Committee meetings, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.
3. Pursuant to applicable law, you will not be entitled to any stock options.



...4/-

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**G. Training**

You will be entitled to the benefit of a training program to familiarize you with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company operates, its goals and expectations and long term plans and objectives.

**H. Miscellaneous**

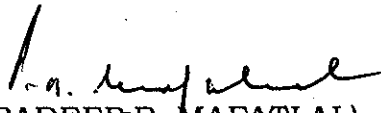
You will have access to confidential information, whether or not the information is marked or designated as "confidential" or "proprietary", relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), ("**Confidential Information**").

You shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.

If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

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

Yours faithfully,  
For STANDARD INDUSTRIES LIMITED,

  
(PRADEEP R. MAFATLAL)  
CHAIRMAN

c.

**Agreed and Accepted**

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**(M. L. APTE)**

**Annexure 1**

**CODE OF CONDUCT APPLICABLE  
TO ALL THE DIRECTORS OF  
THE COMPANY AND MEMBERS  
OF SENIOR MANAGEMENT**

**(AS ADOPTED BY THE BOARD  
OF DIRECTORS OF STANDARD  
INDUSTRIE INDUSTRIES LIMITED AT ITS  
MEETING HELD ON 16<sup>TH</sup> DECEMBER,  
2005).**

## **OUR COMMITMENT**

### **Corporate Governance**

#### **Standard Industries Ltd. Code of Conduct**

##### **National Interest**

Standard Industries Ltd. shall be committed in all its actions to benefit the economic development of the countries in which it operates. It shall not engage in any activity that adversely affects such an objective. It shall not undertake any project or activity to the detriment of the nation's interests, or those that will have any adverse impact on the social and cultural life patterns of its citizens. Standard Industries Ltd. shall conduct its business affairs in accordance with the economic development and foreign policies, objectives and priorities of the nation's government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level, as appropriate.

##### **Financial reporting and records**

Standard Industries Ltd. shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company Auditors and other Authorities, parties and Government Agencies. There shall be no wilful omissions of any Company transactions from the books and records, no advance income recognition and no hidden bank account and funds.

Any wilful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this Code, apart from inviting appropriate civil or criminal action under the relevant laws.

##### **Competition**

Standard Industries Ltd. shall fully strive for the establishment and support of a competitive, open market economy in India and abroad and shall cooperate in efforts to promote the progressive and judicious liberalization of trade and investment by a country. Specifically, Standard Industries Ltd. shall not engage in activities that generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

Standard Industries Ltd. shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

**Equal opportunities employer**

Standard Industries Ltd. shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and disability. Employees of Standard Industries Ltd. shall be treated with dignity and in accordance with Standard Industries Ltd.'s policy of maintaining a work environment free of sexual harassment, whether physical, verbal or psychological.

Employee policies and practices shall be administered in a manner that ensures that in all matters equal opportunity is provided to those eligible and that decisions are based on merit.

**Gifts and donations**

Standard Industries Ltd. and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, Standard Industries Ltd. and its employees may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events.

**Government agencies**

Standard Industries Ltd. and its employees shall not offer or give any Company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

**Political non-alignment**

Standard Industries Ltd. shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. Standard Industries Ltd. shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give any Company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

### **Health, safety and environment**

Standard Industries Ltd. shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. Standard Industries Ltd. shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

### **Quality of products and services**

Standard Industries Ltd. shall be committed to supplying goods and services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should meet the required national standards, and the Company should endeavour to achieve internal standards.

### **Corporate Citizenship**

Standard Industries Ltd. shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of making them self-reliant.

Such social responsibility would comprise: initiating and supporting initiatives in the field of community health and family welfare, water management vocational training, education and literacy and encouraging the application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities.

The Company shall also not treat these activities as optional ones, but shall strive to incorporate them as integral part of its business plan. The Company shall also encourage volunteering among its employees and help them work in the community. Standard Industries Ltd. is encouraged to develop social accounting systems and to carry out social audits of their operations.

### **Cooperation of Standard Industries Ltd.**

Standard Industries Ltd. shall cooperate with other Stanrose Mafatlal group companies by sharing physical, human and management resources as long as this does not adversely affect its business interests and shareholder value.

In the procurement of products and services, Standard Industries Ltd. shall give preference to another Stanrose Mafatlal group Company as long as it can provide these on competitive terms relative to third parties.



### **Public representation of the Company and the Group**

Standard Industries Ltd. shall honour the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing Company and business information to public constituencies such as the media, the financial community, employees and shareholders, Standard Industries Ltd. shall be represented only by specifically authorized directors and employees. It will be the sole responsibility of these authorized representatives to disclose information on the Company or the group.

### **Third-party representation**

Parties which have business dealings with Standard Industries Ltd. but are not members of the group, such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorized to represent Standard Industries Ltd. if their business, conduct and ethics are known to be inconsistent with this Code.

### **Use of Stanrose Mafatlal brand**

The use of Stanrose Mafatlal name and trademark owned by Standard Industries Ltd. shall be governed by manuals, codes and agreements issued by Standard Industries Ltd.

### **Ethical conduct**

Every employee of Standard Industries Ltd. including whole-time directors and the managing director, shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

### **Group policies**

The Stanrose Mafatlal group shall recommend to its Board of Directors the adoption of policies and guidelines periodically formulated by Standard Industries Ltd.

### **Shareholders**

Standard Industries Ltd. shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of Standard Industries Ltd. shall duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

Every employee shall be responsible for the implementation of and compliance with this Code in his or her professional environment. Failure to adhere to the Code could attract the most severe consequences, including termination of employment.

### **Regulatory compliance**

Every employee of Standard Industries Ltd. shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

### **Concurrent employment**

An employee of Standard Industries Ltd. shall not, without the prior approval of the Managing Director of the Company, accept employment or a position of responsibility (such as a consultant or a director) with any other Company, nor provide 'freelance' services to anyone. In the case of a whole-time director or the managing director, prior approval must be obtained for providing such services from the Board of Directors of the Company.

### **Conflict of interest**

An employee of Standard Industries Ltd. shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of his Company or the Group. A conflict of interest, actual or potential, may arise where, directly or indirectly:

- an employee of Standard Industries Ltd. engages in a business, relationship or activity with anyone who is party to a transaction with his or her Company;
- an employee is in a position to derive a personal benefit or a benefit to any of his or her relatives by making or influencing decisions relating to any transaction;
- an independent judgement of the Company's or Group's best interest cannot be exercised.

The main areas of such actual or potential conflicts of interest would include the following :

- Financial interest of an employee of Standard Industries Ltd. or his relatives, including the holding of an investment in the Subscribed Share Capital of any Company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of Standard Industries Ltd. (The ownership of upto 1 per cent of the subscribed share capital of a publicly held Company shall not ordinarily constitute a financial interest for this purpose).

- An employee of Standard Industries Ltd. conducting business on behalf of his or her Company, or being in a position to influence a decision with regard to his or her Company's business with a supplier or customer of which his or her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative.
- Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of Standard Industries Ltd. where such an individual is in a position to influence the decision with regard to such benefits.
- Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a Company or firm which is a supplier, customer, distributor of or has other business dealings with his or her Company.

Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his or her immediate superior, who shall forward the information along with comments to the person designated for this purpose by the MD/CEO, who in turn, will place it before the MD/CEO and/or the Board of Directors/Executive Committee appointed by the Board and upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve/avoid the conflict.

If an employee fails to make a disclosure as required herein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management shall take a serious view of the matter and consider suitable disciplinary action against the employee.

#### **Securities transactions and confidential information**

An employee of Standard Industries Ltd. and his or her immediate family shall not derive any benefit or assist others to derive any benefit from access to and possession of information about the Company or the Group, which is not in the public domain and thus constitutes insider information.

An employee of Standard Industries Ltd. shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of Standard Industries Ltd. on which such insider information has been obtained.

Such insider information might include the following :

- acquisition and divestiture of business or business units;
- financial information such as profits, earnings and dividends;
- announcement of new product introductions or developments;
- asset revaluations;
- investment decisions/plans;
- restructuring plans;
- major supply and delivery agreements;
- raising finances.

#### **Protecting Company assets**

The assets of Standard Industries Ltd. shall not be misused but shall be employed for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

#### **Citizenship**

An employee of Standard Industries Ltd. shall in his or her private life be free to pursue an active role in civil or political affairs as long as it does not adversely affect the business or interests of the Company or the group.

#### **Integrity of data furnished**

Every employee of Standard Industries Ltd. shall ensure, at all times, the integrity of data or information furnished by him or her to the Company.

#### **Reporting concerns**

Every employee of Standard Industries Ltd. shall promptly report to the management any actual or possible violation of this Code, or an event he or she becomes aware of that could affect the business or reputation of his/her or any other group Company.

# STANDARD INDUSTRIES LIMITED

## Annexure 2

### **Guidelines of professional conduct, Role, Function and Duties as an Independent Director (As provided in Schedule IV of the Companies Act)**

#### **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.

#### **Role and functions:**

The Independent Directors shall :

1. Assist 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 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.

**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 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.
14. 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;
15. All the independent directors of the company shall strive to be present at such meeting;
16. 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.