

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

We are pleased to inform you that based upon the recommendation of the Nomination and Remuneration Committee. The Board of Directors at its meeting held on _____ have approved your appointment as an Independent Director for a period of Five years with effect from _____ which is subject to the approval of members at the ensuing Annual General Meeting .

Other terms and conditions of appointment are as follows:

1. The terms of appointment:

You are appointed for a second term of (5) five years with effect from _____ and shall not be liable to retire by rotation. Your appointment as a Non-Executive Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013

2. The expectations of the Board :

a. Time Commitment:

The Company anticipates a commitment of sufficient time and attention as necessary in order to perform your duties under the appointment.

b. Strategy:

The Company expects that you will constructively challenge and contribute to the development of strategy.

c. Performance:

You shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

d. Risk:

You should satisfy yourself that the financial information is accurate and that financial controls and systems of risk management are robust and defensible.

e. Confidentiality:

You must apply the highest standards of confidentiality and not disclose to any person or Company (whether during the course of the Appointment or at any time after its termination) 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.

3. Appointment in Board-level committees and its tasks.

During the appointment you may be asked to serve on one or more of the Board Committees and you have been provided with copies of the terms of reference for each of those Committees.

4. The fiduciary duties that come with such appointment along with accompanying liabilities:

- a. You shall not breach any of the terms and conditions pertaining to Independent Directors as mentioned in the Companies Act, 2013 or the listing agreement or any other Act or Regulations.
- b. You shall display utmost alacrity in approving financial statement.
- c. You shall disclose interest in any of the contract or arrangements and also disclose the interest on periodical basis as required under law.
- d. You shall strive to attend all meeting including Board, Committee and General Meetings and shall actively participate in the meetings.
- e. You shall not compromise or allow to compromise ~~the~~ independence+
- f. You shall not misuse the assets, property, information or any other matter that may be in possession, in the capacity as a Director of the Company.
- g. You shall not engage in Insider Trading activities.
- h. You shall ensure compliance of all the applicable laws.

The above list is only indicative and not exhaustive.

Any breach of fiduciary duties would warrant civil and criminal action or both by the Company, its shareholders, statutory authorities and others. The Companies Act, 2013, envisages huge penalties and imprisonment for such breaches. You are also exposed to Class Action Suit by Shareholders.

5. The Code of Business Ethics that the Company expects its directors and employees to follow:

The Company has formulated a detailed Code of Conduct for the Board of Directors and Senior employees of the Company. The Code of Conduct is also displayed in the Company's website. A copy of the same is enclosed as Annexure-1. You shall annually affirm, in writing, the compliance with the code.

6. The list of actions that a director should not do while functioning as such in the company.

You shall not

- i. misuse the information in their possession for personal gains.
- ii. engage in any way (both directly or indirectly) with the competitors.
- iii. in any way indulge in activities which may be construed as conflict of interest.
- iv. break any law of the land or indulge or provoke the co-directors or employees to do the same.
- v. enter into any contract or arrangements wherein he is directly or indirectly interested.

The above list is only indicative and not exhaustive.

7. The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

The remuneration policy for non-whole time directors, including the Independent Directors, is reviewed by the Board or Committee thereof. Presently all the non-whole time Directors are remunerated by way of Sitting Fees. The expenses incurred by the Directors for attending the Board or Committee Meetings or any other work are reimbursed.

8. Others:

The Appointment Letter is issued based on the Act, Rules and other Regulations prevalent at the time of appointment. Any change in above, shall automatically entail changes in the terms and conditions.

The Board or its Committee is empowered to change the policy, from time to time. Such change in policy shall be informed to you.

The Board or its Committee are empowered to review and change the terms and conditions of this letter. Any changes, thereof, will be informed to you.

A copy of Schedule IV of the Companies Act, 2013, detailing the code to professional conduct of Independent Director is enclosed as Annexure-2.

A copy of the Board Resolution dated February 05,2016 pertaining to your appointment is enclosed as Annexure-3.

We hope to sail smoothly and we are sure that the Board will continue to benefit immensely from your rich knowledge , valuable experience and contribution towards the growth of the Company.

CODE OF CONDUCT

Caplin Point Laboratories Limited (CPLL) commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the senior management and all other employees of the Company.

Consistent with its Values and Beliefs, CPLL has formulated the following Code of Conduct as a guide. The Code sets out the standards that each Director will adhere to whilst conducting their duties. The Code does not attempt to be comprehensive or cover all possible situations. It encourages the CPLL team to take positive actions, which are not only commensurate with the Values and Beliefs, but are also perceived to be so. CPLL expects all its employees to implement the Code in its true spirit and in case of any doubt or confusion, to consult his/her immediate superior, the head of HR or the Business Head as relevant.

For the purpose of this Code, the term "senior management" shall mean

- (a) Executives who are in the grade of General Manager and above;
- (b) All executives directly reporting to General Manager and above;
- (c) Company Secretary

The Board of Directors adopted the following Code of Conduct and our employees including Whole Time Director/ Managing Director are expected to adhere to standards of loyalty, good faith, and the avoidance of conflict of interest that follow. In performing their functions, they shall:

- Act honestly, diligently and in good faith and in the best interest of the Company as a whole.
- Perform the functions of office and exercise the powers attached to that office with a degree of care and diligence that a reasonable person would exercise if they were a director in the same circumstances.
- Must not make improper use of information obtained by them in the course of their official duty, whether from the Company or otherwise, for personal gain, or use / allow the use of such information for the financial benefit for any other person or to cause detriment to the company.
- Not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.



- Maintain the principle of need to know and also confidentiality of all material non-public information about the Company, its business and affairs.
- Comply with all applicable laws, rules and regulations. In order to assist the Company in promoting lawful and ethical behavior, they must report any violation of law, rules, regulation or the code of conduct to the Head, Human Resources or the Compliance Officer.
- The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in a condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs or alcohol in the workplace is absolutely prohibited.

- Not use their status to seek or accept any personal gains or favors from those doing or seeking to do business with the Company or from other employees of the company.
- As a general practice employees and their close family members should not accept gifts in cash or kind, particularly if this is likely to lead to a business relationship with the company. However, an exception to this may be made for non cash gifts upto a value of Rs.2000/, and for items that can be reciprocated such as tickets to events, business meals etc. If refusing a gift beyond this value, would affect a relationship with the company, the gift may be accepted and handed over to the company”.
- Not share any information regarding the Company, its business and/or affairs with media without the prior approval of the Business Head.

In addition, the employees/Managing Director/Whole Time Director shall:

- Comply with the Company's Insider Trading Code while trading in the Company's securities at any time.
- Comply with the spirit as well as the letter, of the law and of the principles of this Code of Conduct and the Code of Conduct and Integrity policies framed by the Company from time to time.



- Not hold position of Director/Advisor with a competitor Company
- Inform the Chairman of changes in their interests that may interfere with their ability to perform their duties.

As per Schedule IV of Companies Act, 2013, 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.
- (14) Inform the Chairman of changes in their interests that may interfere with their ability to perform their duties.

All the Directors will annually affirm compliance with this Code. The Annual Report of the Company will contain a declaration to this effect signed by the CEO/CFO.

The provisions of this Code can be amended and modified by the Board of Directors of the Company from time to time and all such amendments and modifications shall take effect from the date stated therein. All Officers shall be duly informed of such amendments and modifications.

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.



The Companies Act, 2013

SCHEDULE IV

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

(5) safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) balance the conflicting interest of the stakeholders;

(7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;

(8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

(1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

(2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;

(3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

(4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;

(5) strive to attend the general meetings of the company;

(6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

(7) keep themselves well informed about the company and the external environment in which it operates;

(8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

(9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;

(10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

(11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

(13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

(1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

(1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

(2) All the independent directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent directors and the Board as a whole;

(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.
