

May 27, 2014

To,

Mr. K. C. Jain  
4/33, Malad Co-op.Hsg.Soc.Ltd  
Malad East,  
Mumbai - 400 097

**Re: Your appointment as the independent director of the Company**

Dear Sir,

We are pleased to inform you that at the Meeting of the Board of Directors of the Company held on 27<sup>th</sup> May, 2014 you have been appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019 on the terms and conditions contained herein. This appointment is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

**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 Companies Act, 2013 (Act) during your tenure stating that you meet the criteria of independence.
2. So long as you are an independent director, the number of companies in which you hold office as a director or as a chairman or committee member will not exceed the limit stipulated under the Act and the listing agreement.
3. So long as you are an independent director of the Company, you will ensure that you do not get disqualified to act as a director pursuant to the provisions of the Section 164 of the Act.
4. You will ensure compliance of other provisions of the Act and the listing agreement signed by the Company with Stock Exchange(s) that are applicable to your appointment as an Independent Director.

**B. Term**

Your appointment is for term of 5 years commencing from 1<sup>st</sup> April, 2014, unless terminated earlier in accordance with the applicable law.

**C. Committees**

You have also been appointed to the following committees of the Board of Directors of the Company.

- (a) Audit Committee.
- (b) Nomination and Remuneration Committee.
- (c) Stakeholders Relationship Committee

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

1. You will abide by the Code for Independent Directors of the Company as set out separately in Annexure-1.
2. You will abide by the duties and responsibilities as set out in the aforesaid Code.
3. While you are entitled to a training program, as set out below, you are expected to stay updated on how best to discharge your roles, responsibilities, 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 and legal and corporate governance practices.
4. The management expects its independent directors, inter-alia, 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 behavior;
  - (iii) facilitate existence of appropriate risk management/regulatory compliance policies;
  - (iv) guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes required, if any;
  - (v) guide the Board in monitoring and managing potential conflicts of interest of management vis-a-vis Board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
  - (vi) guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems including ensuring the independent of audit and ensure that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the laws and relevant accounting standards;
  - (vii) act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and the shareholders; and
  - (viii) comply with his/her duties, obligations and requirements under applicable laws, particularly, the Act and the listing agreement signed by the Company with the Stock Exchanges.

**E. Performance Evaluation**

Your re-appointment or extension of term and your remuneration, if any, will be recommended to the shareholders pursuant to the 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 of Directors from time to time, and
- (b) You will be entitled to reimbursement of expenses including accommodation in the hotel, travelling and other out-of-pocket expenses incurred by you in connection with attending the Board meeting or any Board Committee meeting or in relation to the business of the Company.

2. Pursuant to the provisions of the Act, you will not be entitled to any stock options, if any, allotted by the Company in future.

**G. Training**

1. You will be entitled to the benefit of training programs 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.
2. Such training program will also apprise you of your roles and responsibilities, expectations from the Board and senior management, your fiduciary duties and liabilities and the Company's Code of Conduct and the Code of Business Ethics.

**H. Miscellaneous**

1. 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, client information, intellectual property rights (including trade secrets) etc. ("Confidential Information").

You undertake to use reasonable efforts to keep such information confidential and to not disclose or share with any third party such Confidential Information.

If any Confidential Information is required to be disclosed by you in response to any summons or subpoena 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, be with the prior consent of the Board.

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2. This letter and any dispute or claim arising out of or in connection with it be construed in accordance with and be governed by the laws of India. The courts of Mumbai alone and no other courts shall have the jurisdiction to entertain and try any disputes arising from and out of the provisions of this letter.

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

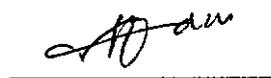
Yours faithfully,

For Makers Laboratories Limited



Purnima Jain  
Wholetime Director

Agreed and Accepted



K. C. Jain

Date:

**ANNEXURE-1****SCHEDULE IV - 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.