

11th August, 2014

Mr. Nityanath Ghanekar
165 C, Dr. Ambedkar Road,
Dadar,
Mumbai-400014

Dear Sir,

Re: Your appointment as Independent Director of National Peroxide Limited.

We are pleased to advise you that at the Annual General Meeting of the shareholders held on 11th August 2014, you have been appointed as the Independent director of the Company to hold office for five consecutive years from 11th August 2014 upto 10th August 2019 or upto the date of the Annual General Meeting to be held in the year 2019, whichever is earlier.

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 of other provisions of the Act and the equity listing agreement, if any.

B. Term

Your appointment is for term of 5 years commencing from 11th August 2014, upto 10th August 2019 or upto the date of the Annual General Meeting to be held in the year 2019, whichever is earlier.

C. Committees

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

- (a) Audit Committee.
- (b) Nomination & Remuneration Committee.
- (c) Stakeholders Relationship Committee.
- (d) Finance Committee.
- (e) Corporate Social Responsibility Committee

D. Code of Conduct and Duties and Responsibilities

1. You will abide by the Code of Conduct applicable to the independent director of the Company as set out separately in **Annexure-1**.
2. You will abide by the duties and responsibilities set out at **Annexure-2** hereto, as stipulated by applicable law.
3. You will not hold office as a director or any other office in a competing firm/entity.
4. 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, 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 and legal and corporate governance practices.
5. The management expects its independent directors 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, 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 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;
- (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 and obligations under applicable law, particularly the Act and the equity listing agreement.

E. Performance Evaluation

Your reappointment or extension of term and your remuneration will be recommended by the Committee to the Board, 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 from time to time, and
 - (b) commission based on the performance of the Company and your performance evaluated by the Board of directors payable at the end of each financial year.

2. You will be entitled to reimbursement of expenses including accommodation in the hotel, traveling 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.
3. Pursuant to applicable law, you will not be entitled to any stock options.

G. Insurance

1. The Company provides all its directors with, and pays the premium for, Directors and Officers insurance cover while acting in their capacities as directors. The present amount of the cover is Rs. 15 crores.
2. A copy of the policy can be furnished on request to the Company Secretary.

H. Training

1. 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.
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.

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

You undertake to 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 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, with the prior consent of the Board.

2. This letter and any dispute or claim arising out of, or in connection with it 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.
3. This letter may be signed by facsimile or in any number of counterparts, each of which is an original and all of which, taken together, constitutes one and the same instrument.

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

Yours faithfully,
For NATIONAL PEROXIDE LIMITED

(NESS N. WADIA)
CHAIRMAN

Agreed and Accepted

(NITYANATH GHANEKAR)
Date:

Annexure 1

NATIONAL PEROXIDE LIMITED

CODE OF CONDUCT AND ETHICS FOR BOARD OF DIRECTORS

The Board of Directors (the "Board") of National Peroxide Limited (the "Company") has adopted the following Code of Conduct and Ethics (the "Code ") for Directors of the Company. This Code is intended to focus the Board and each Director on areas of ethical risk; provide guidance to Directors to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster a culture of honesty and accountability.

Each Director must comply with the letter and spirit of this Code.

Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Audit Committee or of the Nomination & Remuneration Committee or Company Secretary, as appropriate.

Definitions

- a. **Act** shall mean the Companies Act of 2013 or any amendments thereto;
- b. **Board** shall mean the Board of Directors of the Company;
- c. **Company** shall mean National Peroxide Limited.
- d. **Listing Agreement** shall mean Listing Agreement with the Stock Exchange.

Guidelines of professional conduct (As provide in Schedule IV of the Companies Act)

The Board of Directors shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising their duties;

- c. exercise their responsibilities in a bona fide manner in the interest of the Company;
- d. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- e. not allow any extraneous considerations that will vitiate their 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;
- f. not abuse their 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;
- g. refrain from any action that would lead to loss of their independence;
- h. where circumstances arise which make an independent Director lose his independence, the independent Director must immediately inform the Board accordingly;
- i. assist the Company in implementing the best corporate governance practices.

Role and functions

The Board of Directors shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of Board and management;
- c. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. determine (through Nomination & Remuneration Committee) appropriate levels of remuneration of Directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of Directors, key managerial personnel and senior management;
- h. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Duties

The Board of Directors shall:

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b. 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;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d. participate constructively and actively in the committees of the Board in which he is a chairperson or member;
- e. strive to attend the general meetings of the Company;
- f. 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;
- g. keep themselves well informed about the Company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

- i. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself that the same are in the interest of the Company;
- j. 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.
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
- m. 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.

Conflicts of Interest

Board of Directors have an obligation to act in the best interest of the Company. All Directors should endeavour to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when a Director or his relative takes an action or has an interest that may make it difficult for that Director to perform his or her work objectively and effectively.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations where the rules are clear. No one, when acting for the Company, including a member of the board, directly or indirectly (such as through a relative):

- a. Accept any benefit, gift or entertainment that would be illegal or result in any violation of law;

- b. Accept any gift of cash or cash equivalent (such as gift certificates, loans, stock, stock options);
- c. Accept or request anything as a “quid pro quo,” or as part of an agreement to do anything in return for the benefit, gift or entertainment;
- d. Participate in any entertainment that is unsavory, or otherwise violates our commitment to mutual respect; or
- e. Participate in any activity that the director know would cause the person giving the benefit, gift or entertainment to violate this Code of Conduct

The following are examples of situations which may constitute a conflict of interest. Situations such as these should be brought to the attention of the Chair of the Nomination & Remuneration Committee or Company Secretary for review and clearance before any action is taken:

- a. Competing with the Company for the purchase or sale of property, services or other interests.
- b. Having an interest in a transaction involving the Company, a customer or supplier (other than as a Director of the Company and not including routine investments in publicly traded companies).
- c. Receiving a loan or guarantee of an obligation as a result of your position as Director of the Company.
- d. Engaging in any conduct or activities that disrupt or impair the Company’s existing or potential commercial relationships.
- e. Accepting compensation, in any form, for services performed for the Company from any source other than the Company.
- f. Either a Director or his relatives receiving benefits, gifts or entertainment from persons or entities who deal with the Company where a benefit, gift or entertainment is intended to influence the Director’s actions as a member of the Board, or where acceptance could create the appearance of a conflict of interest.

Conflicts of interests involving the Directors, or questions concerning potential conflicts, shall be brought to the Chairman of the Audit Committee or Nomination and Remuneration

Committee, who will consult with the Board of Directors or Company Secretary, as appropriate.

Corporate Opportunities

Board of Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position. No Director may use corporate property, information or position for personal gain, and no Director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company, or any situation where the Director takes away from the Company opportunities for sales or purchases of products, services or interests.

Protection of Confidential Information

Directors should maintain the confidentiality of information entrusted to them by the Company, its customers, consumers or suppliers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, its customers, consumers or suppliers, if disclosed.

Fair Dealing

Each Director of the Company should endeavor to deal fairly with customers, consumers, suppliers, competitors, employees, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

Protection and Proper Use of Company Assets

Protecting Company assets against loss, theft or other misuse is the responsibility of everyone who acts for the Company, including Directors. Loss, theft and misuse of Company assets directly impact our profitability. All of the Company's assets should be used for legitimate business purposes.

Compliance with Laws, Rules and Regulations

The Company is strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all

applicable laws, rules and regulations. No Director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason when conducting business for the Company.

Trading on Inside Information

Directors are required to familiarize themselves and comply with the Company's policy against insider trading. Directors should contact the Company Secretary before engaging in any transaction involving Company securities.

Compliance with This Code and Reporting of Any Illegal or Unethical Behavior

Every Director is expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with promptly. Any suspected violations of the Code that involve illegal behavior will be reported to the appropriate authorities, as described below.

Directors should promptly communicate any suspected violations of this Code to the Chairman of the Audit Committee or the Nomination & Remuneration Committee or Company Secretary. Violations will be investigated by or at the direction of the Nomination & Remuneration Committee, the Audit Committee or the Board of Directors as appropriate.

Directors should promote ethical behavior and an environment in which the Company encourages employees to talk to supervisors, managers or other appropriate personnel about illegal and unethical behavior and, when in doubt, about the best course of action in a particular situation.

Waivers and Amendments

Any waiver of any provision of this Code for any Director may only be granted by the Board of Directors. Amendments to this Code must be approved by the Board of Directors and must be promptly disclosed to shareholders.

Annual Certification

Every Director / Management Personnel of the Company will be required to certify compliance with the Code within 15 days of the close of the financial year of the Company. Such certification shall be in the form provided in the format as follows:

*To,
The Nomination & Remuneration Committee,
National Peroxide Limited*

Sub: Compliance Certificate

I, being a member of the Board of Directors of National Peroxide Limited (“the Company”) hereby acknowledge, confirm and certify that:

I have received, read and understood the Code of Conduct and Ethics for Board of Directors of the Company;

I am bound by the said Code to the extent applicable to my functions as a member of the Board of Directors of the Company;

During the financial year _____, I have complied with the provisions of the said Code.

*Signature
(Name of the Director)*

Annexure 2

Duties and Responsibilities

Your duties, and responsibilities as an Independent director are as under:

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 yourself 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.
9. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
10. 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.
11. Strive to attend all meetings of the Board and of the Board committees of which you are a member.

12. Participate constructively and actively in the committees of the Board in which you are chairperson or member.
13. Strive to attend the general meetings of the Company.
14. 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.
15. Keep yourself well informed about the Company and the external environment in which it operates.
16. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
17. 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.
18. 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.
19. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
20. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
21. 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.
22. Separate meeting of the independent director:
 - (1) As an Independent director or the company you shall hold at least one meeting of the independent director in a year; without the attendance of non-independent directors and members of management and endeavour to attend the same;

- (2) The meeting of the Independent director 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 view of executive directors 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.