

BOMBAY DYEING

CIN : L17120MH1879PLC000037
Email ID : grievance_redressal_cell@bombaydyeing.com

9th August, 2014

Mr. R. A. Shah
"Panorama"
209, Walkeshwar Road
Mumbai - 400 006

Dear Sir,

Re: Your appointment as the independent director of The Bombay Dyeing & Manufacturing Co. Ltd.

We are pleased to advise you that at the Annual General Meeting held on 8th August 2014, shareholders have approved your appointment as an Independent Director of the Company to hold office for five consecutive years from 8th August, 2014 upto 7th August, 2019.

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.

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B. Term

Your appointment is for a term of 5 years commencing from 8th August, 2014 upto 7th August, 2019.

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 Wadia Code of Ethics and Business Principles to the extent applicable to an independent director of the Company 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 will not hold office as a director or any other office in a competing firm/entity.
4. 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.
5. 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 behavior;

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- (iii) guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
- (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 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.

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G. Insurance

1. The Company provides all its directors with, and pays the premiums for, Directors and Officers insurance cover while acting in their capacities as directors. The present amount of the cover is Rs. 75 crores. Additional insurance coverage of Rs.50 lakhs is available to each non-executive director.
2. The copy of the policy can be furnished on request to the Company Secretary.

H. 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.

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 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.

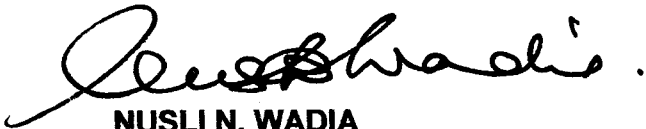
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Please confirm your acceptance by signing, dating, and returning a copy of this letter to the Company.

Yours faithfully,



NUSLI N. WADIA
Chairman

Agreed and Accepted



[R. A. Shah]

09/08/2014



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Annexure 1

Wadia Code of Ethics and Business Principles

**WADIA CODE OF EITHICS AND BUSINESS PRINCIPLES APPLICABLE TO
NON-EXECUTIVE DIRECTORS**

**[as adopted by the Board of Directors of The Bombay Dyeing And
Manufacturing Company Limited at its Meeting held on 14th April, 2005]**

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FOREWORD

The values and principles which have governed the manner in which the Wadia Group of Companies and their Directors have conducted themselves have never been articulated. It was therefore considered worthwhile to prepare a clearly defined document which could serve as a guide to each non-executive director on the values, ethics and business principles expected of him or her.

Recent amendment to Clause 49 of the Listing Agreement relating to Corporate Governance made by the Stock Exchanges at the instance of the Securities and Exchange Board of India (SEBI) in terms of its circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October, 2004 requires, effective 1st April, 2005 (since extended up to 31st December, 2005), the Board of Directors of a listed company to lay down a code of conduct for all Board members and senior management of the company which has to be posted on the website of the company. All Board members and senior management personnel are required to affirm compliance with the code on an annual basis. The Annual Report of the company is required to contain a declaration to this effect duly signed by the CEO.

I urge each director to read this document and take pride in upholding the high standards of corporate and personal behaviour on which the Wadia Group's reputation and respectability have been built over the past 125 years.

NUSLI N. WADIA

1. NATIONAL INTEREST

A WADIA Company shall be committed in all its actions to benefit the economic development of the countries in which it operates and shall not engage in any activity that would adversely affect such 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. A WADIA Company 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.

2. FINANCIAL REPORTING AND RECORDS

A WADIA Company 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 authorised 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 the Code apart from inviting appropriate civil or criminal action under the relevant laws.

3. COMPETITION

A WADIA Company shall fully strive for the establishment and support of a competitive open market economy in India and abroad and shall co-operate in the efforts to promote the progressive and judicious liberalisation of trade and investment by a country.

Specifically, a WADIA Company shall not engage in activities which generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

A WADIA Company 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.

4. EQUAL-OPPORTUNITIES EMPLOYER

A WADIA Company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, material status, sex, age, nationality, disability and veteran status. Employees of a WADIA Company shall be treated with dignity and in accordance with the WADIA policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

5. GIFTS AND DONATIONS

A WADIA Company and its directors 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, a WADIA Company and its directors may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events.

6. GOVERNMENT AGENCIES

A WADIA Company and its directors 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.

7. POLITICAL NON-ALIGNMENT

A WADIA Company shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. A WADIA Company shall not contribute any amount or amounts, directly or indirectly, to any specific political party or for any political purpose to any person except in accordance with and in the manner and within the limits prescribed under the provisions of applicable laws.

8. HEALTH, SAFETY AND ENVIRONMENT

A WADIA Company 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. A WADIA Company shall be committed to prevention of the wasteful use of natural resources and minimization of any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

9. QUALITY OF PRODUCTS AND SERVICES

A WADIA Company shall be committed to supplying goods and services of the highest quality standards backed by efficient after-sales service consistent with the requirement of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should at least meet the required national standards and the Company should endeavour to achieve international standards.

10. CORPORATE CITIZENSHIP

A WADIA Company shall be committed to be 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, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise.

11. CO-OPERATION OF WADIA COMPANIES

A WADIA Company shall co-operate with other WADIA 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 a WADIA Company shall give preference to another WADIA Company as long as it can provide these on competitive terms relative to third parties.

12. PUBLIC REPRESENTATION OF THE COMPANY AND THE GROUP

The WADIA Group honours 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, a WADIA Company or the WADIA Group shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representatives to disclose information on the Company.

13. THIRD PARTY REPRESENTATION

Parties which have business dealings with the WADIA Group but are not members of the Group such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorised to represent a WADIA Company if their business conduct and ethics are known to be inconsistent with the Code.

14. USE OF THE BRAND

The use of the trade name and trademark owned by Bombay Dyeing shall be governed by manuals, codes and agreements to be issued by Bombay Dyeing.

15. GROUP POLICIES

A WADIA Company may recommend to its Board of Directors the adoption of policies and guidelines periodically formulated by Bombay Dyeing.

16. SHAREHOLDERS

A WADIA Company shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholders' rights. The Board of Directors of a WADIA Company 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.

17. ETHICAL CONDUCT

Every director of a WADIA Company shall deal on behalf of the Company with professionalism, honesty, 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.

Every director shall be responsible for the implementation of and compliance with the Code in his professional environment. Failure to adhere to the Code could attract the most severe consequences including termination of association.

18. REGULATORY COMPLIANCE

Every director of a WADIA Company shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he 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.

19. CONFLICT OF INTEREST

A director of a WADIA Company shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company or the Group. If a director is directly or indirectly concerned or interested in any contract or arrangement between the Company and another entity, in which he has material or pecuniary interest, he shall disclose the same in accordance with the provisions of Section 299 or other applicable provisions of the Companies Act, 1956.

20. SECURITIES TRANSACTIONS AND CONFIDENTIAL INFORMATION

A director of a WADIA company shall scrupulously follow the provisions of the Code of internal procedures and conduct framed by the company pursuant to Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and other applicable Regulations in force from time to time in matters of securities transactions and pertaining to price sensitive information.

21. PROTECTING COMPANY ASSETS

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

22. CITIZENSHIP

A director of a WADIA Company shall in his private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company or the Group.

23. INTEGRITY OF DATA FURNISHED

Every director of a WADIA Company shall ensure, at all times, the integrity of data or information furnished by him to the Company.

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The Bombay Dyeing & Manufacturing Company Limited

Guidelines of professional conduct, Role, Function and Duties as an independent director (As provided in Schedule IV of the Companies Act)

Guidelines for Professional conduct:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising their duties;
3. exercise their responsibilities in a bona fide manner in the interest of the Company;
4. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
5. 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;
6. 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;
7. refrain from any action that would lead to loss of their 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:

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.



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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.

Duties:

1. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
2. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
3. 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.
4. Strive to attend all meetings of the Board including a Separate meeting of the independent director and of the Board committees of which you are a member.
5. Participate constructively and actively in the committees of the Board in which you are chairperson or member.
6. Strive to attend the general meetings of the Company.
7. 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.
8. Keep yourself well informed about the Company and the external environment in which it operates.
9. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.



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10. 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.
11. 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.
12. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
13. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
14. 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.