

Date: _____

Mr/ Ms

(DIN: _____),

Address: _____

Dear Sir/ Madam,

We thank you for your confirmation to Shapoorji Pallonji Forbes Shipping Limited (the “Company”) that you meet the “independence” criteria as envisaged in Section 149(6) of the Companies Act, 2013 (“Act”) and also for your consenting to hold office as a director of the Company.

Pursuant to your confirmation, we are pleased to confirm that upon the recommendation of the Nomination and Remuneration Committee and on the Board recommendations, the shareholders have approved your appointment as an Independent Director on the Board of Directors of the Company.

The terms of your appointment, as set out in this letter, are subject to the provisions of the (i) Act and (ii) Articles of Association of the Company.

This letter sets out the terms and conditions of your appointment as an Independent Director.

1. Appointment

The appointment shall be for a period of 5 years (Term) with effect from _____
Independent Director (ID) shall not be liable to retire by rotation.

Relationship with the Company will be that of an office-holder and not one of contract for employment in the Company.

Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. Reappointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

2. Committee Membership/Chairmanship

As per the Board’s assessment, ID are/will be Chairman/member of the following Committees:

- a) _____
- b) _____

The Board may reconstitute the composition of any/all Committees, from time to time and make you member/chairman of other Committees of the Board.

3. Role, duties and responsibilities

- A. As member of the Board, ID along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
- Requirements under the Act;
 - Accountability under the Director's Responsibility Statement;
 - Overseeing the maintenance of high standards of values and ethical conduct of business; and
 - Overseeing the Company's contribution to enhancing the quality of life of communities.
- B. ID shall abide by the 'Code for Independent Directors' as outlined in Schedule IV of the Act and duties of directors as provided in Section 166 of the Act. For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexure A.

ID shall also be responsible for providing guidance in the area of their experience.

4. Time Commitment

ID agree to devote such time as is prudent and necessary for the proper performance of ID role, duties and responsibilities as an Independent Director.

5. Remuneration

Independent Director shall be paid sitting fees for attending the meetings of the Board and the Committees as decided by the Board from time to time.

The Company may pay or reimburse to ID such fair and reasonable expenditure, as may have been incurred by ID while performing his/her role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for attending General/Board/Committee Meetings, induction and training (organized by the Company for Directors) and in obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of your duties as an Independent Director.

6. Code of Ethics

Independent Director of the Company shall agree to comply with Code of Ethics for the Directors.

7. Training and Development

The Company may, if required, conduct formal induction program for its Independent Directors. The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

8. Performance Appraisal / Evaluation Process

As a member of the Board, IDs performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee and may include:

- Participation and contribution by a director;
- Commitment (including guidance provided to senior management outside of Board / Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintenance of confidentiality;
- Independence of behavior and judgment; and
- Impact and influence.

The evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

9. Disclosures, other directorships and business interests and changes in personal details

During the Term, ID agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. ID also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, ID shall promptly disclose the same to the Chairman and the Company Secretary.

During the Term, ID shall also promptly intimate the Company Secretary of any change in address or other contact and personal details provided to the Company.

10. Disengagement

ID may resign from the directorship of the Company by giving a notice in writing to the Company and stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by ID in the notice, whichever is later.

IDs directorship on the Board of the Company shall cease in accordance with law. The Company may disengage ID prior to completion of Term (subject to compliance with relevant provisions of the Act) upon violation of any provision of the Code of Ethics for Directors or if you fail to meet the criteria for independence as envisaged in the Act.

The Board is confident that the Company will benefit immensely from your rich experience and that you would be an integral part of the growth of Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

This letter constitutes neither a contract for services nor a service contract.

We thank you for your continued support and commitment to the Company.

Yours Sincerely,

For Shapoorji Pallonji Forbes Shipping Limited

Mahesh Tahilyani
Chairman

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

Name: _____

DIN:

Place: _____

Date: _____

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.

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 those 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.

DUTIES OF DIRECTORS AS PER SECTION 166 OF COMPANIES ACT, 2013

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection

of environment.

(3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

(5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.

(6) A director of a company shall not assign his office and any assignment so made shall be void.

(7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.