

SANGHI INDUSTRIES LIMITED
TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR

Terms and Conditions of Appointment of Independent Director

The terms of appointment of Independent Director, as set out in this letter, are subject to the extant provisions of the:

- i. Applicable laws, including section 149 of the Companies Act, 2013 and The Companies (Appointment and Qualification of Directors) Rules 2014, and Schedule IV of the Companies Act, 2013, and Clause 49 of Listing Agreement, as amended from time to time (Listing Agreement) and;
- ii. Articles of Association of the Company

1. Appointment:

- a. The appointment as a non-executive Independent Director on the Board of Directors (Board) of M/s. Sanghi Industries Limited will be for three years upto the conclusion of 30th Annual General Meeting to be held on in calender year 2017 unless terminated earlier or extended, as per the provisions of this letter or applicable laws.
- b. The word “term” should be construed as defined under the Companies Act, 2013 the Listing Agreement.
- c. As an Independent Director, he / she will not be liable to retire by rotation.
- d. The Company has adopted the provisions with respect to appointment and term of Independent Directors, which is consistent with the Companies Act, 2013 and the Listing Agreement.

2. Meetings:

Independent Director will be expected to devote such time as is necessary for the proper performance of his / her duties as an independent Director. Independent Director should strive to attend all the scheduled Board Meetings, General Meetings, Committees Meetings and other meetings held in the Company.

As an independent director one should strive to hold and be present in at least one meeting in a year without the presence of Executive directors and members of management with the sole objective of:

- a. Review the performance of non-independent directors and the Board as 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.

The company shall provide Independent Director with adequate notice of the date of proposed board meeting and meeting of board committees. As per the provisions of the Companies Act, 2013 the company is expected to give the Independent Director an advance notice of minimum 7 days of every board and committee meetings. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director.

3. Board Committees:

The Board may, if it deems fit, invite Independent Director for being appointed on one or more existing Board Committees or any such Committee that may be setup in the future. Appointment of Independent Director on such Committee(s) will be subject to the applicable regulations.

By accepting this appointment, Independent Director confirm that he / she is able to allocate sufficient time to meet the expectations from the role to the satisfaction of the Board.

4. Roles, Duties and Responsibilities:

The role and duties of Independent Director will be those normally required of a Non-Executive Independent Director under the Act and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of the Companies Act, 2013.

In addition to the above requirements, Independent Director is also required to discharge the duties, roles and functions as applicable to him / her as stated under Schedule IV to the Act, as in force and as may be amended from time to time. While

performing such duties, roles and functions, Independent Director will be required to abide by the 'Guidelines of Professional Conduct' as stated under the said Schedule.

5. Liability:

As an independent director he / she will be liable only in respect of such acts of omission or commission by a company which had occurred with his / her knowledge, attributable through Board processes, and with his / her consent or connivance or where he / she had not acted diligently.

6. Code of Conduct / Excluded Actions:

During the tenure of appointment of Independent Director, he / She is required to comply with the Code of Conduct adopted by the Board of Directors of the Company and comply with the Schedule IV of the Companies Act, 2013 and furnish annual affirmation of the same.

Independent Director will apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after cessation) any confidential information concerning the Company including any subsidiary or associate thereof with which he / she come into contact by virtue of his / her position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

Additionally, Independent Director shall not participate in any business activity which might impede the application of the independent judgment in the best interest of the Company.

7. Induction and Training:

The Company shall, 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 arrange for training on all matters which are common to the whole Board, if required.

8. Performance Appraisal / Evaluation Process:

As a member of the Board, performance of Independent Director shall be evaluated annually. Evaluation shall be done by all the other Directors. Appointment and re appointment of Independent Director on the Board shall be subject to the outcome of the yearly evaluation process. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee / Board and disclosed in the Company's Annual Report. However, the actual 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:

Independent Director is required to disclose to the Company the interests and any matters (excluding those matters which may be subject to legal professional privilege) which affect his / her independence. During the Term, Independent Director agree to promptly notify the Company of any change in his / her Directorships and provide such other disclosures and information as may be required under the applicable laws.

Independent Director also agree that upon becoming aware of any potential conflict of interest with his / her position as Independent Director of the Company, he / she shall promptly disclose the same to the Board/Company. Please confirm that as on date of this letter, there is such conflict of interest issues with existing Directorships, if any.

During the term of Independent Director, he / she agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 upon any change in circumstances which may affect the status as an Independent Director.

10. Changes of Personal Details:

During the term, Independent Director shall promptly intimate the Company in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

11. Fees / Remuneration:

Independent Director may be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time as per the provision of the Companies Act, 2013.

Further, the Company may pay or reimburse to Independent Director, such fair and reasonable expenditure, as may have been incurred by him / her while performing the role as an Independent Director of the Company.

As an independent director one shall not be entitled to any stock option and shall not be covered by any pension scheme.

12. Termination:

Directorship of Independent Director on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, Directorship may be terminated for violation of any provision of the Code of Conduct of the Company.

Independent Director may resign from the Directorship of the Company by giving a notice in writing to the Company /ROC 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 in the notice, whichever is later. If, at any stage during the term, there is a change that may affect the status as an Independent Director as envisaged in Section 149(6) of the Act, or if one fail to meet the criteria for "Independence" under the provisions of the Listing Agreement, he / she agree to promptly submit his / her resignation to the Company with effect from the date of such change.

13. Governing Law:

This document is governed by and will be interpreted in accordance with Indian Laws and the engagement of Independent Director shall be subject to the jurisdiction of the Indian courts.

14. Miscellaneous:

- a. This letter represents the entire understanding, and constitutes the whole agreement, in relation to appointment of Independent Director and supersede any previous agreement between the Independent Director and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- b. No waiver or modification of this letter shall be valid unless made in writing and signed.

Sanghi Industries Limited



- c. As per Clause 49 of the Listing Agreement and Schedule IV of the Companies Act, 2013, the terms and conditions of appointment shall be disclosed on the website of the Company.
