

Date: 25th August, 2014

To,  
Mr. Narasinh Krishna Balgi  
B-401, Sumadhur-Ii,  
Near Azad Society,  
Ambawadi,  
Ahmedabad, 380015  
Gujarat, India

Dear Sir,

**Sub: Appointment as Independent Director**

We thank you for your confirmation to Astral Poly Technik Limited (the “**Company**”) that you meet the “independence” criteria as envisaged in Section 149(6) of the Companies Act, 2013 (“**2013 Act**”) and Clause 49 of the Listing Agreement (as amended vide circular issued by Securities and Exchange Board of India ref no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and effective from October 1, 2014) and also for your consenting to hold office as an Independent Director of the Company.

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

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that of an office-holder and not one of contract for employment in the Company.

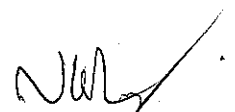
The terms of your appointment, as set out in this letter, are subject to the extant provisions of the applicable laws, including 2013 Act and Clause 49 of the Listing Agreement (as amended from time to time).

**1. Appointment:**

Your appointment will be for a term of consecutive five (5) years w.e.f. 28<sup>th</sup> January, 2015 up to 27<sup>th</sup> January, 2020 unless terminated earlier or you resign from the office, as per the provisions of this letter or applicable laws.

As an Independent Director you will not be liable to retire by rotation.

Re-appointment for another term of maximum period of five years at the end of the current term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders by way of Special Resolution. Your re-appointment would be considered by the Board based on the outcome of



the performance evaluation process and you continuing to meet the independence criteria.

As per the Board's Discretion and after your Consent, you will be required to serve as the Chairman/member of the Board Committees as may be required from time to time:

The Board may reconstitute the composition of any/all Committees, from time to time, and any such change shall be promptly communicated to you. In such an event you may also be required to serve on other Committees of the Board.

## **2. Role, duties and responsibilities:**

A. As member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

- Requirements under the Companies Act, 2013;
- Responsibilities of the Board as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under Clause 49 of the Listing Agreement as attached herewith in **Annexure A**;
- Accountability under the Directors' Responsibility Statement;
- Overseeing the maintenance of high standards of values and ethical conduct of business;

B. You shall abide by the 'Code of Conduct for Independent Directors' as outlined in Schedule IV to section 149(7) of the Act, and duties of directors as provided in the 2013 Act (including Section 166) and in Clause 49 of the Listing Agreement, copy of which is attached as **Annexure B** to this letter.

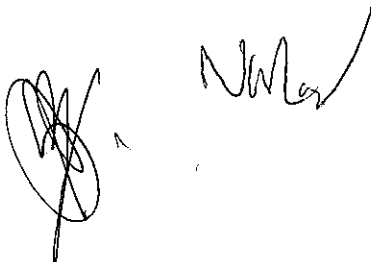
## **3. Time Commitment:**

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

## **4. Remuneration:**

As an Independent Director you shall be paid sitting fees for attending the meetings of the board and the Committees of which you are member as fixed by the board from time to time.

The Company shall pay or reimburse to you such fair and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for attending Board/ Committee meetings, Annual General Meetings, Extraordinary General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, 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.



Based on your expertise and knowledge, in case any special assignment is requested to be performed by you, you will be paid all expenses incurred by you for its performance. You shall also be paid the fees as may be approved by the Board and subject to the provisions of the Act.

**5. Performance Appraisal / Evaluation Process:**

As a member of the Board, your 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 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.

**6. Induction and Development:**

The Company shall, if required, conduct formal induction program for its Independent Directors which may include any or all of the following:

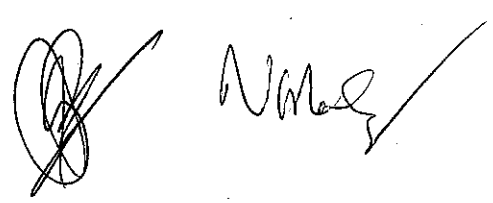
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Board roles and responsibilities, while seeking to build working relationship among the Board members,
- Familiarization with financial matters, management team and business operations, Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

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.

**7. Disclosures, other directorships and business interests:**

During the Term, you 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. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary.

During your term, you agree to promptly provide a declaration under Section 149(7) of the 2013 Act, every year and upon any change in circumstances within 20 days which may affect your status as an Independent Director.



### **8. Changes of personal details:**

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

### **9. Termination:**

Your directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the 2013 Act, your directorship may be terminated for violation of any provision of Code of Conduct.

You may resign from the Office by giving a notice in writing to the Company stating the reasons for resignation and also to Registrar of Companies (RoC). The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

If at any stage during the tenure of your appointment, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act or, if applicable, you fail to meet the criteria for "independence" under the provisions of Clause 49 of the Listing Agreement, you agree to promptly submit your resignation to the Company with effect from the date of such change.


### **10. Miscellaneous:**

As per the provisions of clause 49 of the Listing Agreement, this letter of appointment will be displayed on the website of the Company.

This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself 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.

This letter shall not be valid for any waiver or modification without the signature of the Company and you.

This letter and non-contractual obligations arising out of or in connection with this letter are governed, and shall be construed in accordance with, the laws of India, and the parties agreed to submit to the exclusive jurisdiction of the court of Ahmedabad.

NAME 

### **11. Acceptance of Appointment:**

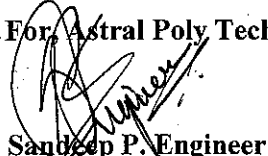
Looking to your qualifications, experience and expertise, the Company is confident that your contribution will be of immense value for the growth of the Company.

If, the terms of appointment contained in this letter are acceptable to you, please confirm your acceptance by signing and returning the duplicate copy of this letter.

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

Yours Sincerely,

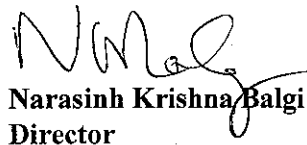
**For, Astral Poly Technik Limited**



**Sandeep P. Engineer**  
**Managing Director**

### **Agree and Accept**

I have read and understood the terms of my appointment as an Independent Director of the Company as contained in this letter and I hereby affirmed my acceptance to the same.



**Narasinh Krishna Balgi**  
**Director**

## Annexure –A

### **Responsibilities of the Board**

#### **1. Disclosure of Information**

- a. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly or indirectly affecting the company.
- b. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

#### **2. Key functions of the Board**

The board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. 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.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework

#### **3. Other responsibilities**

- a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- b. The Board should set a corporate culture and the values by which executives throughout a group will behave.
- c. Board members should 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.
- d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
- e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
- f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.
- g. The Board should be able to exercise objective independent judgment on corporate affairs.
- h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgment to tasks where there is a potential for conflict of interest.
- i. The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.

- j. The Board should have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
- l. Board members should be able to commit themselves effectively to their responsibilities.
- m. In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.
- n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

## **Annexure –B**

### SCHEDULE IV [See section 149(8)] 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) scrutinize 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.
- (9) The appointment of independent directors shall be formalized 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) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (e) the list of actions that a director should not do while functioning as such in the company; and
  - (f) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (9) 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.
- (10) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

### **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 behavior, 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 formalized 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.

