

Essen Speciality Films Limited

Regd. Office
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Gujarat - India

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E-mail : info@essenspeciality.com
Website : www.essenspeciality.com
CIN : L24224GJ2002PLC041119
GSTIN : 24AABCE2983N1ZC



Date: _____

To,
Name
Address

Subject: Appointment as an Independent Director

We are pleased to inform you that the Board of Directors have approved your appointment, on the basis of recommendation and approval of Nomination and Remuneration Committee, as an Independent Director with effect from _____ subject to confirmation and approval by shareholders.

We thank you for your confirmation to **Essen Speciality Films Limited ("the Company")** that you meet the "independence" criteria and also for consenting to hold office as a director of the Company.

Your appointment as an Independent Director shall be for a period of 5 (Five) years, i.e. from _____ subject to approval of the shareholders of the Company at ensuing general meeting. The detailed terms and conditions have been attached to this letter as a separate annexure. The same are as required as per Section 149(6) of the Companies Act, 2013, ("**2013 Act**"), Regulations 16 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [**"SEBI Listing Regulations"**] as and when applicable.

We look forward to your continued support, as always, in ensuring the Company is run with the highest degree of efficiency and governance at the Board level.

Thanking you,
Yours Sincerely,

Chairman
For and on behalf of, Essen Speciality Films Limited

TERMS & CONDITIONS FOR APPOINTMENT OF INDEPENDENT DIRECTORS

The terms of your appointment, as set out in this letter, are subject to the provisions of the Companies Act, 2013, and SEBI Listing Regulations as and when applicable and the Articles of Association of the Company (as amended from time to time) and as has been discussed by the Board from time to time.

1) Appointment

Subject to approval by the shareholders, you will be appointed for first term of 5 (Five) consecutive years with effect from _____, unless terminated earlier, as per the terms set out in this letter or applicable laws ("**Term**").

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

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, we trust you would be willing to serve, on the Committees of the Board.

2) Role, duties and responsibilities

As a 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,
- Requirements under Regulation 25 of SEBI Listing Regulations as and when applicable,
- Accountability under the Director's Responsibility Statement,
- Overseeing the maintenance of high standards of Essen's values and ethical conduct of business,
- Overseeing the Company's contribution to enhancing the quality of life of communities,
- Protecting and enhancing the "**Essen**" brand.

You shall abide by the "Code For Independent Directors" as outlined in Schedule IV to Section 149(8) of the Companies Act, 2013 and duties of directors as provided in the Companies Act, 2013 (including Section 166) and in Regulation 17(5) of SEBI Listing Regulations as and when applicable. For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexures.

You will also be responsible for providing guidance in the area of your expertise.

3) Remuneration

As an Independent Director you may be paid sitting fees for attending the meeting of the Board and the Committees of which you are a member fixed by the Board from time to time in accordance with the limit specified under the Act, 2013.

Further, the Company may 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, General Meetings, court convened meetings, meetings with 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.

4) **Code of Conduct**

Unless specifically authorized by the Company, you shall not disclose company and business information to public constituencies such as the media, the financial community, employees, shareholders, agents, franchises, dealers, distributors and importers.

Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.

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

All Directors are required to sign a confirmation of adherence to Code of Conduct on annual basis and continued adherence to Code of Conduct shall be a requirement for your continued directorship in the Company.

5) **Training and Development**

The Company shall, if required, continue to conduct formal training and development program for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- 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.

6) 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 performance of each director shall be done by all the other directors. The criteria for evaluation shall be determined by the Nomination & 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. An indicative list of factors that may be evaluated as part of this exercise is:

- a) Participation in the meetings and contribution by a director,
- b) Commitment (including guidance provided to senior management outside of Board/ Committee meetings),
- c) Effective deployment of knowledge and expertise,
- d) Effective management of relationship with stakeholders,
- e) Integrity and maintenance of confidentiality,
- f) Independence of behaviour and judgment, and
- g) Impact and influence.

7) Disclosure, other directorships and business interests

You agree to promptly notify the Company of any change in your directorships during the Term, 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. Please inform us if you have any such conflict of interest with your existing directorships as on date of this letter.

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

8) Changes in 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.

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from

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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 Term, 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 Regulation 16(1)(b) of SEBI Listing Regulations as and when applicable, you agree to promptly submit your resignation to the Company with effect from the date of such change.

10) Cooperation

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your Term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

11) Acceptance of Appointment

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

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

Chairman

For and on behalf of, Essen Speciality Films Limited

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.

Signed_____

Dated_____

Annexure

Code for Independent Directors (Schedule IV of the Companies Act, 2013)

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) 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 that 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 three months 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 financial 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.