

LETTER OF APPOINTMENT AS INDEPENDENT DIRECTOR

Shri Vinod Shanbhag

Date: 27th December, 2014

Sub: Re-Appointment as an Independent Director of Lyka Labs Limited ("The Company")

I am pleased to inform you that shareholders at the 35th Annual General Meeting held on December 26, 2014 have approved your reappointment as an Independent Director for a period of Five years up to the conclusion of the 40th Annual General Meeting. This letter of appointment sets out the terms and conditions covering your appointment, which are as follows:

APPOINTMENT:

1. The tenure of appointment as a Non- Executive Independent Director on the Board of Directors will be for maximum of two terms of 5 Years.
2. In Compliance with provisions of Section 149(3) of the Companies Act, 2013, Your directorship is not subject to retirement by rotation.
3. Notwithstanding other provision of this letter, the appointment may be terminated on failure to meet the parameters of independence as defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
4. Upon termination or upon resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.

TIME COMMITMENT

5. As a Non-Executive Independent Director, you are expected to bring objectivity and independence of view to the Board's discussion and to help provide the Board with effective leadership in relation to the Company's strategy, performance and risk management as well as ensuring high Standards of financial probity and corporate governance. You will be expected to attend the meeting of Board and Board Committees to which you may be appointed and also Shareholders meeting and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, all meeting are held in Mumbai except the General Meeting of the members of the Company.



6. By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectation from your role to the satisfaction of the Board.

CODE OF CONDUCT

7. An independent director shall:
- Uphold ethical standards of integrity and probity.
 - Act objectively and constructively while exercising his duties.
 - exercise his responsibilities in a bona fide manner in the interest of the company;
 - Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
 - 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;
 - 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;
 - Refrain from any action that would lead to loss of his independence;
 - Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
 - Assist the company in implementing the best corporate governance practices.

ROLES AND FUNCTION

8. The independent directors shall:
- 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
 - Bring an objective view in the evaluation of the performance of board and management
 - Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance
 - Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible
 - Safeguard the interests of all stakeholders, particularly the minority shareholders
 - Balance the conflicting interest of the stakeholders
 - 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;
 - Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's Interest.



DUTIES

10. The independent directors shall
- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.
 - 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;
 - Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
 - Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - Strive to attend the general meetings of the company;
 - 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;
 - Keep themselves well informed about the company and the external environment in which it operates;
 - Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
 - 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;
 - 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;
 - Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
 - Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
 - 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.

STATUS OF APPOINTMENT

11. You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meetings of the Board and Committee as may be decided by the Board. Further, you will also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.
12. The Sitting fees presently paid to the Non-executive Independent Director is Rs. 10,000/- per meeting of the Board.



13. You will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

REIMBURSEMENT OF EXPENSES

14. In addition to the remuneration described above, the Company shall, during the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties.

INSURANCE

15. The Company may propose to take Director's and officer's Liability Insurance and it is intended that the Company will assume and maintain such cover for the full term of your appointment.

CONFLICT OF INTEREST

16. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.
17. In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to both the Chairman and the Company Secretary.

SEPARATE MEETINGS:

18. 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.
19. All the independent directors of the company shall strive to be present at such meeting.
20. The meeting shall:
- Review the performance of non-independent directors and the Board as a whole.
 - Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;



- 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.

EVALUATION

21. The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board committees and Directors on an annual basis as per Company's policy. Your reappointment on the Board shall be subject to the outcome of the yearly evaluation process.

DISCLOSURE OF INTEREST

22. Any material interest that a Director may have in any transaction or arrangement that the Company has entered into should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contract with a particular person, firm or Company is acceptable.

CONFIDENTIALITY

23. All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless request by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.
24. Your attention is also drawn to the requirement under the applicable regulations and the Company's insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently, you should avoid making any statements or performing any transaction that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

PUBLICATION OF THE LETTER OF APPOINTMENT

25. In line with provision sub clause 6 of clause IV of Schedule Iv, under the Companies Act, 2013 the terms and Conditions of your appointment will be displayed on the Company's website.



MEMBERSHIP OF COMMITTEES

26. The Board of Directors may appoint you as Member/ Chairman of one or more of its Committees which will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

RESIGNATION

27. You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board. In terms of provisions of the Companies Act, 2013, you are required to file a copy of your resignation letter with the registrar of Companies, Gujarat.
28. Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provision of companies Act, 2013. You will not be entitled to compensation if the Shareholders do not re-elect you.

GENERAL

29. This letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Mumbai.
30. Please confirm your acceptance to the above by signing and returning the enclosed duplicate of this Letter.

Yours sincerely,
For LYKA LABS LIMITED



N.I. GANDHI
Chairman & Managing Director.



I have read and agree to the above terms regarding my appointment as an Independent Director of Lyka Labs Limited.



Vinod Shanbhag
Independent Director
DIN: 00555709