

## Draft Appointment Letter – Dr T.S. Balganesh

September \_\_\_\_, 2020

Dear Dr. Balganesh,

I am pleased to inform you that pursuant to recommendation of the Board of Directors of the Company, the shareholders of the Company in their meeting held on September 25, 2020 have approved your appointment as Non-Executive 'Independent Director' on the Board of the Company.

This letter of appointment ('Agreement') sets out the terms and conditions covering your appointment which are as follows:

### 1. TERMS OF APPOINTMENT

- 1.1 Your appointment as a Non-Executive "Independent Director" on the Board of Directors of **PI Industries Ltd.** shall be for a term of five (5) consecutive years with effect from the date of AGM held on September 5, 2020 ('Term').
- 1.2 "Independent Director" should be construed as defined under the Companies Act, 2013 and the Listing Agreement.
- 1.3 Your appointment is subject to the provisions of the Companies Act, 2013 ("Act"), Articles of Association of the Company and the Listing Agreements ("LA") executed by the Company with the stock exchanges as amended from time to time.
- 1.4 You shall ensure that in case any situation arises as to which you may lose your independence, you will immediately inform the Board of Directors accordingly.
- 1.5 Your appointment is not as an employee of the Company and hence this letter shall not be construed as an employment contract.

### 2. APPOINTMENT ON COMMITTEES OF BOARD OF DIRECTORS

- 2.1 You, while being a member of Board of Directors, may be invited/ nominated for appointment on various committees of the Board of Directors, as set up from time to time.

### 3. CODE OF CONDUCT, FUNCTIONS AND DUTIES

- 3.1 Your role, duties and responsibility will be those normally required from an Non-Executive "Independent Director" under the Companies Act, 2013 and the LA and you will be expected to perform your duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. Your duties as per the Companies Act, 2013 are enclosed as **Annexure A.**

3.2 You shall abide by the 'Code for Independent Directors' as outlined in Schedule IV to section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including Section 166) and pursuant to the SEBI (LODR) Regulations, 2015. The 'Code for Independent Directors' is enclosed as **Annexure B**.

3.3 You are also required to abide by the 'Code of Conduct for Directors' and the 'Code of Conduct for Prevention of Insider Trading' for employees, Directors and other codes and policies as issued by the Company from time to time.

#### **4. LIABILITIES**

4.1 You as an Independent Director shall be held liable, in respect of such acts of omission or commission by Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

#### **5. DIRECTOR'S LIABILITY INSURANCE**

5.1 The Company has taken a Directors' and Officers' Liability Insurance policy which will be renewed and maintained for the full term of your appointment.

#### **6. REMUNERATION**

6.1 You will be entitled for 'sitting fee' for attending the meetings of Board or Committees of the Board (of which you are a member) as may be decided by the Board. The 'sitting fee' presently paid to an 'Independent Director' is Rupees 30,000/- per meeting of the Board or Committees thereof.

6.2 You will also be entitled to receive a profit based commission that shall be arrived at on the basis of the net profits of the Company during every financial year provided that in the case of appointment during the financial year, the profit related commission will be paid on a proportionate basis.

#### **7. REIMBURSEMENT OF EXPENSES**

7.1 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, Annual General Meetings, Extraordinary General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of your duties as an "Independent Director".

#### **8. INDUCTION & TRAINING**

8.1 You shall be eligible for an induction so as to familiarize you with the Company and its business etc.

8.2 You will be required to participate in the special training courses organized by Company to ensure that the directors are refreshed and equipped to perform their role in the highest standards and performance possible.

## **9. CONFLICT OF INTEREST**

9.1 By accepting this appointment you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as an Independent Director of the Company. Should you become aware of any conflict or potential conflict during your appointment, you are required to notify the Company.

9.2 As an Independent Director you shall not engage in any activity/ies that is not expected from you as an Independent Director.

## **10. DISCLOSURES**

10.1 During the Term you are required to submit all statutory disclosures/confirmations required to be made under applicable laws including but not limited to:

- Annual / Event based disclosures as per Companies Act, 2013
- Disclosures under Listing Agreement with the Stock Exchanges
- Disclosures under Prevention of Insider Trading Code
- Disclosures under Code of Conduct for Directors

## **11. CONFIDENTIALITY OF INFORMATION**

11.1 During the Term of this Agreement, Independent Director shall abide by the 'Confidentiality Obligations' mentioned in the **Annexure C** of the Agreement.

11.2 Any information acquired during your Term as "Independent Director" of the Company is confidential and should not be released, unless required by law or by any regulatory body. On reasonable request, you shall surrender, any and all, documents (including but not limited to documents, materials, correspondence related to the Company) made available to you during your term as "Independent Director" of the Company and submit a declaration that all Confidential Information (as defined in this Agreement) has been duly returned to the Company.

## **12. PERFORMANCE APPRAISAL / EVALUATION**

12.1 As a member of the Board, your performance as well as the performance of the entire Board and its Committees thereof shall be evaluated annually and evaluation of each director shall be done by all the other directors.

12.2 On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of your appointment as Non-Executive Independent Director.

### **13. TERMINATION**

- 13.1 Your directorship on the Board of the Company shall terminate or cease in accordance with the applicable laws.
- 13.2 You may resign from your position of Non-Executive Independent Director at any time by giving a reasonable written notice to the Board of Directors. However, you shall also have to forward to the Registrar of Companies in the prescribed e-form, a copy of your resignation with reasons for the resignation.

### **14. APPLICABLE LAW**

- 14.1 This letter of appointment shall be governed by the laws of India and your engagement shall be subject to the jurisdiction of the Indian courts.

If you are willing to accept these terms of appointment relating to your appointment as a Non-executive Independent Director of PI Industries Ltd., kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely  
For **PI Industries Ltd.**

**Mayank Singhal**  
**Vice Chairman & Managing Director**

I have read and agree to the above terms regarding my appointment as an Independent Non-executive Director. I hereby affirm my acceptance to the same.

*Sign* \_\_\_\_\_

## ***ANNEXURE A***

### **Duties of Directors (Section 166 of the Act)**

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, and 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.

**SCHEDULE IV**

[See section 149(8) of the Act]

**‘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:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively while exercising his duties;
- c. exercise his responsibilities in a *bona fide* manner in the interest of the company
- d. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. 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;
- f. 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;
- g. refrain from any action that would lead to loss of his independence;
- h. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i. assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- a. 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;
- b. bring an objective view in the evaluation of the performance of board and management;
- c. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. balance the conflicting interest of the stakeholders;
- g. 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

- h. 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 -

- a. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- b. 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;
- c. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. strive to attend the general meetings of the company;
- f. 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;
- g. keep themselves well informed about the company and the external environment in which it operates;
- h. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. 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;
- j. 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;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. 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:**

- a. 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.
- b. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- c. 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.

- d. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - the term of appointment;
  - 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;
  - the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - provision for Directors and Officers (D and O) insurance, if any;
  - the Code of Business Ethics that the company expects its directors and employees to follow;
  - the list of actions that a director should not do while functioning as such in the company; and
  - the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- e. 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.
- f. 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:**

- a. 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.
- b. 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.
- c. 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.

#### **Separate meetings:**

- a. 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.
- b. All the independent directors of the company shall strive to be present at such meeting;
- c. 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.

#### **VII. Evaluation mechanism:**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. 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.



**CONFIDENTIALITY OBLIGATIONS**

**1. At all the times, Independent Director shall comply with all the confidential obligations mentioned below:**

- a) The Independent Director agrees and acknowledges that during the course of Independent Director's appointment with the Company, the Independent Director shall have access to Confidential Information and shall hold the Confidential Information in confidence.
- b) The Independent Director understands and acknowledges that an access to the Confidential Information has been provided to the Independent Director solely as a consequence of Independent Director's appointment with the Company. The Independent Director, in particular (without limitation), will not use or exploit any of Confidential Information for any other purposes, commercially or otherwise. The Independent Director shall not analyze the Confidential Information beyond the Purpose.
- c) The Independent Director understands and acknowledges that the Confidential Information is of immense value to the Company and /or its present, past or prospective clients. The Independent Director understands that any use or disclosure of such Confidential Information including any inadvertent disclosure can cause immense and irreparable harm, loss, damage and injury to the Company and its reputation and hence undertakes to keep such Confidential Information confidential and hold it in at least the same manner and with the same protections as the Company would do so.
- d) The Independent Director agrees and undertakes to absolutely refrain from, in any manner, divulging, distribute, discussing, disclosing or attempting to divulge, distribute, discuss or disclose to any third party who is not authorized to have such information, including any individual or corporation other than the Company.
- e) The Independent Director shall use the Confidential Information solely in the manner expressly authorized by the Company and only during the Term of Independent Director's appointment with the Company. The Independent Director also agrees and undertakes to absolutely refrain from in any manner directly or indirectly using the Confidential Information without express permission of the Company.
- f) In the event the Independent Director is unsure of the nature of certain information, Independent Director undertakes to treat such information as Confidential Information unless specifically informed to the contrary by the Company.
- g) The Independent Director acknowledges and agrees that all Confidential Information is and shall remain the property of the Company and / or its affiliates or licensors, and the Independent Director shall not be entitled to use such Confidential Information or make copies thereof for any purpose (including for personal use) other than as required in the usual course of Independent Directors' appointment with the Company. Nothing contained in this Agreement shall be construed as granting or conferring any rights to the Independent Director, either as a licensee or otherwise in the Confidential Information.

- h) The Independent Director further undertakes that it shall not deal with or do any act, whether directly or indirectly, with the competitors (existing or future) of the Company using the Confidential Information under this Agreement or otherwise which may in the reasonable opinion of the Company undermines the business interests of the Company.
- i) The Independent Director is required to disclose under any statutory, regulatory or similar legislative requirements or requirement under a legal proceedings in any court or tribunal then the Independent Director shall seek the prior written confirmation of the Company and the Independent Director shall assist the Company to take advantage of any provisions which restricts the amount of or nature of the Confidential Information to be disclosed to the Independent Director.
- j) The Independent Director shall not take or attempt to take any advantage of or obtain any benefit, right or privilege for itself or for any third party that would not have been available but for it having access to the Confidential Information.
- k) The Independent Director shall not use the Confidential Information in filing any applications or other forms of protection of a similar nature for protection of its intellectual property rights.

#### **INTELLECTUAL PROPERTY RIGHTS**

- l) The Independent Director acknowledges that the Company and/or its affiliates owns certain Intellectual Property Rights in the Confidential Information (hereinafter collectively known as "Company's Intellectual Property Rights") and agrees not to take any action inconsistent with such ownership of Company's Intellectual Property Rights.
- m) All goodwill associated with the Independent Director's activities contemplated by this Agreement shall vest and inure to the benefit of the Company. The Independent Director shall not adapt, modify, use, or attempt to register any trademarks, service marks or tradenames that are identical or confusingly similar to the Company's Intellectual Property Rights.
- n) The Independent Director agrees to keep the Company fully informed of any activities of third parties which the Independent Director believes may infringe on the Company's Intellectual Property Rights.

#### **INVENTIONS**

- o) The Independent Director shall promptly disclose to the Company, all Intellectual Property Rights that may be made, developed, conceived, first reduced to practice or created in pursuance of the performance of Independent Directors' duties and responsibilities towards the Company and or during the period of the Independent Director appointment with the Company, whether or not, such Intellectual Property Rights are copyrightable or patentable or otherwise protectable under the applicable laws.
- p) The Independent Director agrees that all Intellectual Property Rights and the Documents (as defined below) made, developed, conceived, first reduced to practice or created in pursuance of the performance of Independent Director's duties and responsibilities under this Agreement and/or during the period of the Independent Director's agreement with the Company ("Developed IP") shall be made, developed, conceived, first reduced to practice or created solely for and on behalf of the Company.
  
- q) The Company shall retain exclusive ownership, right and title to such Developed IP and the

- reports, drawings, designs, manuals, data, specifications, calculations, formulae, equations, tables, research papers and materials, studies and other documents of technical nature that are prepared by the Independent Director pursuant to Independent Director's discharging the duties and responsibilities towards the Company (including carrying out the research and development activities for the Company) ("Documents").
- r) The Company shall be considered to be the owner of such Developed IP and the Documents which is developed by the Independent Director. If to the extent that title to any such Developed IP and Documents may not by operation of law, vest in the Company, the Independent Director hereby irrevocably assigns in perpetuity, the sole right, title and interest in such works and the Independent Director's Intellectual Property Right, to the Company, in consideration of the premises mutual promises and covenants contained in this Agreement.
  - s) The Company shall own the Developed IP and the Documents whether or not such Developed IP and Documents have been made, developed, conceived, first reduced to practice or created by using the equipment, supplies, facilities or trade secrets of the Company.
  - t) Nothing in this Agreement shall give any right, interest and/or entitlements to the Independent Director to use the Developed IP and the Documents of the Company without the prior written consent of the Company.
  - u) The Independent Director shall not, in any manner whatsoever tamper, cause any loss or damage to the Developed IP and the Documents.
  - v) The Independent Director further agrees to assist the Company in every way to secure legal protection for all works of authorship and inventions in the Developed IP and the Documents, including but not limited to applications for patents and copyrights in any jurisdiction around the world including but not limited to India. To that end, by way of illustration but not limitation, the Independent Director will testify in any suit or other proceeding involving any of the inventions or works of authorship, execute all documents which the Company reasonably determines to be necessary or convenient for use in obtaining protection thereof and enforcing same, and execute all necessary assignments thereof to the Company or Persons designated by it. The Independent Director's obligation to assist the Company shall continue beyond the expiration or earlier term required, including those necessary for the assignment of, application for, or prosecution of any applications for letters patent or copyright, the Independent Director hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, as its agent and attorney in fact, to act for and in the Independent Director's behalf and stead to execute and file any such application and to do all other lawfully permitted acts to further the assignment, prosecution, and issuance of letters patent or copyright thereon with the same legal force and effect as if executed by the Independent Director. The Independent Director hereby waives and quits claims to the Company, any and all claims of any nature whatsoever which the Independent Director may now have or may hereafter have for infringement of any patent or copyright resulting from any such application. The Independent Director further agrees that the payments payable to the Independent Director under the terms of this Agreement is good, adequate and valuable consideration for the grant of ownership, title in the Developed IP and/or the Documents which may be developed, authored and/or conceived by the Independent Director.

**2. For the purpose of the Agreement:**

**'Confidential Information' shall mean:**

- a. all information (whether in relation to the Company or otherwise) to which the Independent Director has or gains access to by any means or learns or which is available to the Independent Director directly or indirectly as a consequence of the Independent Director's appointment with Company; whether in writing, oral, visual or any other tangible, intangible or electronic form, or any other form or medium, and includes without limitation:
  - any and all information relating to the Company and/or its client's, whether past, present, or future, financial results and projections, costs and prices, business information, plans, processes, manufacturing processes, research and/or development projects, results or tests which concern the business activities and operation, technologies, processes, marketing, pricing and other strategies, chemical formulae, trade secrets, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, diagrams, data, computer programs, customer lists, reports, studies and other technical, marketing and business information, Developed IP, Documents, Intellectual Property Rights as well as any such information not generally known to third parties or received from others that the Independent Director is reasonably expected to treat as confidential.
- b. Confidential Information shall also include descriptions of the existence or progress of the above-described evaluation.

**'Intellectual Property Rights' shall mean:**

- a. the intellectual property rights and shall include the patents, designs, design patents, process patents, copyrights, trademarks, logo's and all other rights and forms of protection of a similar nature or having equivalent effect (whether registered or not, including an application for the same, restoration applications), technology, know how (including but not limited to standard operating procedures, drawings, models, operating protocols, production techniques, instructions), technical information, inventions, trade secrets, industrial models, utility models, processes, designs, methodologies, engineering, technical drawings, quality inspection standards, general overall correspondence.

T.S. Balganes  
Independent Director

Dated: