



TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR

The terms and conditions of appointment of the Independent Directors of the Company are subject to the extant provisions of the (i) applicable laws, including the Companies Act, 2013 ('2013 Act') and Listing regulations and (ii) Articles of Association of the Company (as amended from time to time). Presently the Independent directors appointed on the Board of the company are as below:

S.No.	Name of Independent Director
1.	Mr. Narayan K. Seshadri
2.	Ms. Ramni Nirula
3.	Mr. Pravin K. Laheri
4.	Mr. Ravi Narain

The broad terms and conditions of their appointment as Independent Directors of the Company are reproduced hereunder:

1. TERMS OF APPOINTMENT

- 1.1 The appointment of Independent Director on the Board of **PI Industries Ltd** shall be for a term of 3 consecutive years commencing from the date of Annual General Meeting in which they are appointed, during which they shall not be liable to retire by rotation.
- 1.2 "Independent Director" should be construed as defined under the Companies Act, 2013 and the listing agreement.
- 1.3 The appointment is subject to the provisions of the Companies Act, 2013, Articles of Association of the Company and the Listing Agreements executed by the Company with the Stock Exchanges (the "Listing agreement") as amended from time to time.
- 1.4 The Independent Directors shall ensure that in case any situation arises in which they may lose independence criteria, then they shall immediately inform the Board of Directors accordingly.
- 1.5 They shall be eligible for reappointment for another term up to 5 years, subject to fulfilment of the criteria as specified under the provisions of the Companies Act, 2013 and listing regulations as amended from time to time, subject to approval of shareholders by way of special resolution.
- 1.6 The appointment as such is not as an employee of the Company and hence the letter of appointment issued shall not be construed as an employment contract.

2. APPOINTMENT ON COMMITTEES OF BOARD OF DIRECTORS

While being a member of Board of Directors, they 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 The role, duties and responsibility will primarily be those which are normally required from an Independent Director under the Companies Act, 2013 and the listing regulations and they shall be expected to perform their 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. The duties as per the Companies Act 2013 are enclosed as **“Annex A”**.

3.2 Independent Directors 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 aforesaid Act (including Section 166) and Listing Agreement. The code for Independent Directors is enclosed as **“Annex B”**

3.3 They shall also be required to abide by the Code of Conduct for Prevention of Insider Trading for Employees, including Directors and other codes and policies as issued by the Company from time to time.

4. LIABILITIES

4.1 As an Independent Director they shall be 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 Company has taken a Directors’ and Officers’ Liability Insurance policy which will be renewed and maintained for the full term of their appointment.

6. REMUNERATION

6.1 The Independent Directors shall be entitled for sitting fee for attending the Board meetings or Committees of Board as may be decided by the Board. Sitting fee presently paid to an Independent Director is Rupees 25000/- per meeting of the Board or Committee thereof.

6.2 They shall also be entitled to receive a profit based commission that shall be arrived on the basis of the net profits of the Company during every financial year provided in case of appointment during the financial year, the profit related commission will be paid on a proportionate basis. However, the same shall be subject to the approval of the Board on the recommendations made by the Nomination and Remuneration Committee, if any.

7. REIMBURSEMENT OF EXPENSES

Company may pay or reimburse to them such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them 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 They shall be eligible for an induction so as to familiarize you with the Company and its business etc.

8.2 They shall also 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 letter, they shall be deemed to have confirmed that any other position they hold including the directorships in other organizations, shall not give rise to any conflicts of interest in relation to their appointment as an Independent Director of the Company. Should they become aware of any conflict or potential conflict during the tenure of their appointment, they are expected to notify the Company.
- 9.2 As an Independent Director, Independent Directors shall not engage in any activity/ies that is not expected from them as an Independent Director.

10. DISCLOSURES

During the Term of appointment, they 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. TECHNOLOGY

Independent Directors may give their consent by way of advance notification to the Chairman or Company Secretary to participate in any meeting(s) of the Board or Committee of directors, when necessary through video conferencing or other audio visual means, except for matters not to be dealt through these means as may be provided under the Companies Act, 2013.

12. CONFIDENTIALITY OF INFORMATION

Any information acquired by them during their term as director of the Company is confidential and should not be released, unless required by law or by any regulatory body. On reasonable request, they shall surrender any documents and other materials made available to them whilst holding the directorship. They shall also enter in to a Non-Disclosure Agreement with the company which shall form part of this letter.

13. PERFORMANCE APPRAISAL / EVALUATION

- 13.1 As a member of the Board, Independent Directors performance shall be evaluated annually and evaluation of each director shall be done by all the other directors.
- 13.2 On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of their appointment as Non-executive Independent Director.



14. TERMINATION

- 14.1 The directorship on the Board of the Company shall terminate or cease in accordance with law
- 14.2 They may resign from the position of independent director at any time by giving a reasonable written notice to the Board of Directors. However, they shall also be required to forward to the Registrar of Companies in the prescribed e-form a copy of the resignation alongwith the reasons for the resignation.

15. APPLICABLE LAW

- 15.1 The terms and conditions contained in the letter of appointment shall be governed by the laws of India and the engagement shall be subject to the jurisdiction of the Indian courts.



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, 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
5. Indirect interest that conflicts, or possibly may conflict, with the interest of the company.
6. 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.
7. A director of a company shall not assign his office and any assignment so made shall be void.

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. 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:**

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.

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.

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:

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.

VII. **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.