



**PIRAMAL PHARMA LIMITED**

**INDEPENDENT DIRECTORS - TERMS AND CONDITIONS OF  
APPOINTMENT**

The broad terms and conditions covering the appointment of Independent Directors are set out as under:

## **1. Appointment**

- (i) The term of office of Independent Director (ID) is for a period of a five consecutive years.
- (ii) The appointment is subject to the articles of association, the applicable provisions of law and the terms contained herein.
- (iii) The ID will serve on one or more Committees of the Board as may be decided by the Board from time to time. The ID shall also serve as an ID on the Board (and/or Committees thereof) of any of the Company's subsidiaries or joint ventures as may be decided by the Board from time to time.

## **2. Duties**

- (i) The ID will observe the highest standards of ethics in the role as ID.
- (ii) The ID will observe, in letter and spirit, the duties of directors as stipulated in relevant sections of the Companies Act, 2013 ('Act') and the relevant Rules prescribed thereunder, in particular, as stipulated in section 166 of the Act.
- (iii) The ID will also likewise observe the Code for Independent Directors which is codified as Schedule IV of the Act.
- (iv) The ID will strive to avoid the occurrence of any events specified under section 167 of the Act (as amended from time to time), which would result in vacation of office as Director. The ID will also strive to avoid incurring any of the disqualifications mentioned in section 164 of the Act. In the unfortunate circumstance of such events / disqualifications getting attracted, the ID will immediately inform the Company of the same.
- (v) The ID will observe the Code of Conduct to regulate, monitor and report trading by designated persons of the Company, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information by Designated Persons in securities of the Company and other similar Codes as formulated by the Company from time to time.
- (vi) The ID will promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to –
  - a) the likely consequences of any decision in the long term;
  - b) the impact of the Company's operations on the society and the environment;
  - c) the desirability of the Company maintaining a reputation for high standards of business conduct.
- (vii) The role of an ID will be required to :
  - a) constructively challenge and help develop proposals on strategy;

- b) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
  - c) satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
  - d) determine appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning;
  - e) devote time to developing and refreshing your knowledge and skills;
  - f) uphold high standards of integrity and probity and extend your support in instilling the appropriate culture, values and behaviours in the boardroom and beyond;
  - g) take into account the views of shareholders and other stakeholders where appropriate.
- (viii) The ID will be required to exercise powers and discharge responsibilities as a director in accordance with the applicable law, the Company's Articles of Association and the applicable policies and procedures of the Company.
- (ix) The ID will disclose any direct or indirect interest which he/she may have in any matter being considered at a board meeting or committee meeting and, save as permitted under the Act and other applicable law, will not vote on any resolution of the Board, or its committees, on any matter where the ID has any direct or indirect interest.
- (x) Unless specifically authorized to do so by the Board and permitted by law, ID will not enter into any legal or other commitment or contract on behalf of the Company.

### **3. Remuneration and Expenses**

- (i) The ID would receive a fee ('Sitting Fee') for attending meetings of the Board or Committees thereof. The quantum of Sitting Fee shall be such as is determined by the Board from time to time;
- (ii) In addition to Sitting Fee, the Board may also approve payment of performance related commission, which would be within such limit as may be permissible under the Act and as may be approved by the members of the Company.
- (iii) The ID will be entitled to reimbursement of all expenses properly incurred for participating in the meetings of the Board, its Committees and other meetings.
- (iv) All payments for services rendered are subject to income tax and other statutory deductions and requirements.

Further you shall not be entitled to any Stock Option, unless permitted under the provisions of the Act.

#### **4. Independence and Interests**

- (i) In the event that the ID becomes aware of any potential or actual conflicts of interest, these should be disclosed as soon as they become apparent and the agreement of the Board may have to be sought.
- (ii) The ID would continue to maintain the qualifications stipulated under the Act and the Listing Regulations for being eligible to continue as Independent Director during the term of office.

#### **5. Disclosures**

During the term, ID may promptly notify the Company, any changes in their directorships and submit such disclosures, information and details as may be required under applicable law. During the tenure, ID agree to provide a "Declaration of independence" under the Act and the Listing Regulations upon any change in circumstances which may affect your status as an Independent Director of the Company.

#### **6. Confidentiality**

- (i) All information acquired during by the ID during his / her appointment is confidential to the Company and should not be released, communicated, nor disclosed either during the appointment or thereafter, to third parties without the prior clearance of the Chairman of the Company.
- (ii) This restriction shall cease to apply to any confidential information which may (other than by reason of breach) become available to the public generally.
- (iii)The ID shall receive, hold and retain company information under secure conditions and to take appropriate steps to maintain strict confidentiality thereof.

#### **7. Price Sensitive Information and Dealing in the Company's Shares**

During the period of appointment, the ID is required to comply with obligations under SEBI (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct to regulate, monitor and report trading by designated persons of the Company and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

#### **8. Insurance and Indemnity**

The Company has a 'Directors and Officers Liability' insurance in place for its Directors. and it is intended that the Company will assume and maintain such cover for the full term of your appointment.

#### **9. Premature conclusion of term of appointment**

The ID's existing term of appointment would stand terminated and concluded on the occurrence of any of the following events:

- (i) Upon ID's resignation as a Director of the Company at any time. Should the ID wish to do so, he/she is requested to serve a reasonable written notice on the Board;
- (ii) The Company may terminate ID's appointment if he/she:
  - a) commit a material breach of obligations under this letter; or
  - b) commit any serious or repeated breach or non-observance of obligations to the Company (which include an obligation not to breach your duties to the Company, whether statutory, fiduciary or common-law); or
  - c) are guilty of any fraud or dishonesty or acted in a manner which, in the opinion of the Company, brings or is likely to bring him/her or the Company into disrepute or is materially adverse to the interests of the Company; or
- (iii) In addition to what is stated above, continuation of contract of appointment is also contingent on satisfactory performance as Independent Director and any relevant statutory provisions relating to the removal or disqualification of a director.

#### **10. Extension of Existing Term**

Upon the expiry of the present term, and subject to the ID's eligibility under the relevant provisions of the Act, Rules, Listing Agreement and other applicable law(s), as prevailing from time to time, the Board may, at its discretion and subject to the outcome of performance evaluation, recommend to the shareholders an extension or renewal of the ID's existing term for such period as it may deem fit and proper, in the interest of the Company.

#### **11. Non-Entitlement of Third Parties**

No person other than ID and the Company shall have any rights under this terms of appointment and the above terms shall not be enforceable by any person other than ID and the Company.

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