

## Appointment Letter

Date: \_\_\_\_\_

Name:

Address:

Sub: Appointment as Non-Executive Independent Director

Dear Sir/Madam,

We are pleased to inform you that the Board of Directors of Privi Speciality Chemicals Limited have approved your appointment in the category of Independent Director of the Company with effect from opening hours of \_\_\_\_\_, subject to the approval of shareholders in the ensuing Annual General Meeting (AGM). The said appointment will be effective upto \_\_\_\_\_.

We welcome you on the Board of Privi Speciality Chemicals Limited as an independent Director.

This letter is issued as required under Schedule IV (Code for Independent Directors) read with Section 149(8) of the Companies Act, 2013 (hereinafter referred to as the "Act").

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the applicable laws, including Companies Act, 2013 and the rules made thereunder, and (ii) Article of Associations of the Company.

### **1. Terms of Appointment:**

Pursuant to the provisions of Companies Act 2013, you have been appointed as Non-Executive Independent Director of the Company with effect from opening hours of \_\_\_\_\_, for the period upto \_\_\_\_\_, unless terminated earlier as per provision of this letter and the applicable laws (Term). As an Independent Director, you will not be liable to retire by rotation.

The Company has followed the relevant provisions of Companies Act 2013 and the SEBI Listing Regulations, 2015 with respect to the appointment and tenure of Independent Directors. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non-Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

Your re-appointment at the end of the Term shall be based on the recommendations of the Nomination and Remuneration Committee of the Board and subject to the approval of the Board and the Shareholders. Your re-appointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the criteria of independence.

You will be expected to attend Board, Board Committees to which you may be appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

## **2. Role, Duties and responsibilities:**

Without limiting the generality of the roles, duties and responsibilities stated in the Companies Act, 2013 and other applicable laws, as an Independent Director, you are expected to discharge the role, duties and responsibilities as set out in the Code for Independent Directors (schedule IV of the companies Act, 2013), annexed hereto as 'Annexure - A' and also Section 166 of the Companies Act, 2013.

The Board may, from time to time, assign you such other roles, functions and duties as it may consider appropriate in the best interest of the Company and its stakeholders, at large.

Also, please note that, as a Director of the Company –

- i. You shall not assign office and any assignment so made shall be void
- ii. You shall ensure that your number of directorships/board committee memberships/chairmanships shall be within the limits prescribed under the provisions of Companies Act 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 (hereinafter referred to as “SEBI (LODR) Regulations 2015).
- iii. You shall ensure that you fulfil the parameters of ‘Independence’ as defined under the Companies Act 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015. Also, you are required to furnish a declaration every year confirming your eligibility to hold the office of Independent Director of the Company and inform whenever there is a change in the circumstances which may affect your status as an independent director.
- iv. You are restricted from participating in the discussions on contracts or arrangements with parties where you are interested or concerned in any manner
- v. You are required to timely inform the Company about changes, if any, and disclosure of interest and declarations furnished by you to the Company.

## **3. Insurance**

The Company has in place a Directors and Officers' Liability Insurance Policy. The management intends to continue to maintain such insurance cover for the term of your appointment, subject to the terms of such policy in force from time to time.

## **4. Code of Business ethics**

The Code for Independent Directors contained in Schedule IV of the Companies Act, 2013 ipso facto applies to you. You are required to comply with the same.

## **5. Remuneration and expenses:**

As an Independent Director of the Company, you shall be paid sitting fees for attending the meetings of the Board and its Committees of which you are a member at the rates determined by the Board from time to time.

## **6. Acknowledgement**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are pleased to have you as an integral part of the growth of the Company.

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

In case of requirement of any information or assistance for discharging your duties as an Independent Director, you may contact the Company Secretary of the Company.

Thanking you.

Yours faithfully

**For PRIVI SPECIALITY CHEMICALS LIMITED**

**Mahesh P Babani**

**Chairman & Managing Director**

## **Annexure A**

### **Code For Independent Directors**

Under Schedule IV of Section 149(8) 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**

As an Independent Director, you shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bono 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 to abuse your 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 your independence;
- 8) where circumstances arise which make you lose your independence, you must immediately inform the Board;
- 9) assist the company in implementing the best corporate governance practices.

#### **II. Role and Functions**

As an Independent Director, you 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 your 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 you are a member;
- 4) participate constructively and actively in the committees of the Board in which you are chairperson or member;
- 5) strive to attend the general meetings of the Company;
- 6) where you have any 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 your concerns are recorded in the minutes of the Board meeting;
- 7) keep yourself 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 yourself 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 this authority, assist in protecting the legitimate interests of the company, shareholders and its employees.
- 13) not to 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**

The manner of appointment of the Independent Directors will be in accordance to the Nomination and Remuneration policy of the Company.

### **V. Re-appointment**

The re-appointment of independent director shall be on the basis of report of performance valuation.

## **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 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 director
  - c) Asses 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 directors being evaluated;
- 2) On the basis of report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

## Terms of reference

### The Audit Committee's terms of references are as follows

1. the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
2. approval of payment to statutory auditors for any other services rendered by them;
3. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
4. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
5. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
6. discussion with internal auditors of any significant findings and follow up there on;
7. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
8. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9. call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
10. review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013 (hereinafter referred to as the "Act");
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements
  - f) disclosure of any related party transactions
  - g) modified opinion(s) in the draft audit report;
11. review with the Management, the quarterly financial Statements before submission to the Board for approval;
12. Review the Statement of significant Related Party Transactions, submitted by Management;
13. approval or any subsequent modification of transactions of the company with related parties;

14. scrutiny of inter-corporate loans and investments;
15. valuation of undertakings or assets of the company, wherever it is necessary;
16. evaluation of internal financial controls and risk management systems;
17. Power to obtain professional advice from external sources for the items specified in sub section 4 of section 177 of the Act;
18. To oversee the vigil mechanism wherein the directors and employees can report their genuine concerns or grievances;
19. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
20. Review the Management Discussion and Analysis of financial condition and results of operations;
21. Periodic review of Policies;
22. Such other matters as mentioned in the terms of references or as may be required to be carried out by the Audit Committee pursuant to amendments under any law, from time to time.

**The Corporate Social Responsibility Committee's terms of references are as follows**

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall also indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act
2. recommend the amount of expenditure to be incurred on the activities referred as per the Corporate Social Responsibility Policy
3. monitor the Corporate Social Responsibility Policy of the company from time to time.
4. Institute transparent monitoring mechanism for implementation of the CSR Projects or programs or activities undertaken by the Company.
5. Do such other acts, deeds, things and matters as are necessary or expedient in complying with the provisions of Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014.

**The Nomination and Remuneration Committee's terms of references are as follows**

1. Recommend to the Board Appointment & Re-appointment of Directors
2. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in the Nomination & Remuneration Policy.
3. recommend to the Board their appointment and removal
4. recommend to the Board the appointment of Key Managerial Personnel ("KMP" as defined under the Act)
5. recommend to the Board a policy, relating to the remuneration for the directors including Whole Time Directors, key managerial personnel and other employees.

6. recommend to the board, all remuneration, in whatever form, payable to senior management.
7. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance
8. formulation of criteria for evaluation of performance of independent directors and the board of directors
9. formulate the criteria for determining qualifications, positive attributes and independence of a director
10. devising a policy on diversity of board of directors
11. Oversee familiarisation programmes of Directors
12. To determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.