

**DRAFT LETTER OF APPOINTMNET FOR INDEPENDENT DIRECTORS**

To,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Sub : Appointment of Independent Director as per Section 149 and 152 of Companies Act,2013.**

Dear Sir,

On behalf of the Company I write to confirm your appointment as Independent Director of Bal Pharma Limited (hereinafter referred to as the Company) as per the provisions of the Companies Act, 2013 with effect from \_\_\_\_\_. This letter of appointment sets out the terms and conditions covering your appointment which are as follows:

## **1. Appointment**

1.1 You will be appointed as a Independent Director on the Board of Directors of Bal Pharma Limited with effect from \_\_\_\_\_. Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the listing agreement.

1.2 The term Independent Director should be constructed as defined under the Companies Act, 2013 and the listing agreement.

1.3 Your appointment is subject to the provisions of Companies Act,2013 and Listing Agreement regarding appointment, fees, expenses, retirement, disqualification and removal of directors. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

## **2. COMMITMENT**

2.1 As an Independent Director, you are expected to bring in objectivity and Independence in the decisions of the Board.

2.2 If the Board seems it to be fit and were required by the Act to do so, may invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

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

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

2.5 As an Independent Director you will have to strive to hold and attend at least one meeting in a year without the presence of Non-Independent Director and members of the management with the sole objective of :

- i) Review the performance of the Non-Independent Directors and the Board as a whole.
- ii) To review the performance of the Chairperson of the Company, taking in to account the views of the Executive and Non-Executive directors.
- iii) Assess the quality and quantity and timeliness of the Company management and the Board that is necessary for the board to effectively and reasonably perform their duties.

### **3. ROLES AND DUTIES**

3.1 You are expected to perform your duties, whether statutory, fiduciary or by common law faithfully, efficiently and diligently.

3.2 Your role and duties will be those normally required by a Independent Director as per Companies Act and Listing Agreement. There are certain guidelines of professional conduct to be followed by the director are:

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 bonafide manner in the interest of the Company.
4. Devote sufficient time and attention to his professional obligation for informed and balanced decision making.
5. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgement in the paramount interest of the Company as a whole.
6. Refrain from any action that would lead to loss of independence.
7. 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 for any associate person.
8. Assist the Company in implementing the best Corporate Governance practices.

3.3 In addition to the above requirement applicable, the role of the Director have the following key elements:

The Independent Directors shall:

1. **Safeguard:** the Director to safeguard the interest of all stakeholders, particularly the minority shareholders.
2. **Integrity:** to satisfy themselves on the integrity of financial information and that financial controls and the system of risk management are robust and defensible
3. **Performance:** scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. **Balance:** to balance the conflicting interest of the stakeholders.
5. **Remuneration:** to 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.
6. **Arbitrator:** to arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

#### 4. LIABILITY

As an Independent Director you will be liable only in respect of such acts or omission or commission by a Company which has occurred with your knowledge, attributable through Board process and with your consent or where you had not acted diligently.

## **5. DIRECTORS FEES**

5.1 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 its Committees as may be decided by the Board.

5.2 You shall be paid a sitting fees of Rs. \_\_\_\_\_/- for attending each meeting of the Board as well as committee meetings attended by you, as per the provision of section 197 of Companies Act,2013 and the Articles of Association of the Company.

In addition to the sitting fees, incidental expenses like travelling, hotel and other expenses incurred by you in performance of duties shall be reimbursed.

5.3 As an Independent Director you shall not be eligible for any Stock option and shall not be covered under any Pension Scheme.

## **6. CONFLICT OF INTEREST**

6.1 By accepting this appointment you will deemed to have confirmed that any other position you hold including Directorship in any other organization shall not give rise to conflict of interest in relation to your appointment as independent Director of the Company.

6.2 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 Secretary.

## **7. CONFIDENTIALITY**

7.1 Any confidential information which you may come to your knowledge in the performance of the duties as the director of the Company shall not be disclosed, except so far as:

- i. May be necessary in connection with proper performance of your duties to the Company.

- ii. The Company may from time to time authorise you to disclose such information as may be required by you with the condition that you will take all necessary precaution as may be necessary to maintain the secrecy and confidentiality.
  
- iii. You may be required by law to disclose it.

7.2 Your attention is also drawn to the requirements under the applicable regulations and the Bal Pharma's code of conduct which stipulates the disclosure requirements of price sensitive information and dealing in the securities of the Company. Consequently you should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Secretary.

## **8. EVALUATION**

The Company has adopted a policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your appointment and re appointment on the Board shall subject to the outcome of the yearly evaluation process.

## **9. DISCLOSURE OF INTEREST**

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed by you not 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 contracts with a particular person, firm or company is acceptable.

## **10. INSURANCE**

The Company may obtain a Directors and officers liability policy for you. Details of the same shall be provided to you as and when such policy is taken by the Company.

## 11. APPLICABLE LAWS

This agreement is governed by and will be interpreted in accordance with Indian law 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 Independent Director of Bal Pharma, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours Sincerely

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