

P. N. GADGIL & SONS LIMITED

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

Preamble:

Schedule IV to the Companies Act, 2013 provides for the 'Code for Independent Directors'. The appointment process of Independent Directors is independent of the company management. During the selection process, the Board ensures 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.

The appointment of Independent Director(s) of the Company is approved at the meeting of the shareholders. The Board always ensures that the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the Rules made there under and that the proposed director is independent of the management and a statement to that effect is included in the explanatory statement attached to the notice of the meeting.

Terms and Conditions for appointment of Independent Director(s)

➤ Appointment and terms thereof:

The appointment of the Independent Director will be made as per the Requirements under the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time and Articles of Association of the Company.

Their appointment as a non-executive Independent Director on the Board of Directors (Board) of P. N. Gadgil & Sons Limited will be for a term of 5 (Five) consecutive years.

Their appointment may be terminated upon failure to meet the parameters of Independent as defined in Section 149(6) or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013. (Parameters given in Annexure A)

Their appointment as an Independent Director, will not be liable to retire by rotation.

The next appointment shall be based on recommendation of the Nomination & Remuneration Committee and subject to approval of the Board and the Shareholders.

➤ Board Committee:

The Board may, if it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. Their appointment on such Committee(s) will be subject to the applicable regulations.

They are expected to attend Board Meetings, Committee Meetings, to which they may be appointed and Shareholders' meetings and to devote such time to your duties as deemed appropriate for discharge of your duties effectively.

By accepting their appointment, Independent Director confirm that they are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

They will not be employees of the Company and this letter shall not be construed as a contract of employment.

➤ Role Duties and Responsibilities:

Their role and duties will be those normally required of a Non-Executive Independent Director under the Act and the SEBI (Listing Obligation and Disclosure Requirement), 2015. There are certain duties prescribed for all Directors, both executive and Non-Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act.

In addition to the above requirements, they are also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Act, as in force and as may be amended from time to time. While performing such duties, roles and functions, you will be required to abide by the 'Guidelines of Professional Conduct as stated under the said Schedule.

➤ Additional Applicable Statutory Requirements:

As a Non-Executive Director on the Board, they will be subject to all relevant provisions of the Act and the SEBI (Listing Obligation and Disclosure Requirement), 2015.

➤ Code of Conduct / Excluded Actions:

They will follow the Code of Conduct of the Company and furnish annual affirmation of the same.

a) They will apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company including any subsidiary or associate thereof with which you come into contact by virtue of your position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

b) They should not make any statement(s) that might risk a breach of the requirements specified under the said statute unless the same is required under any law or the same is required for the purpose of compliance of any direction, order, etc. issued/given by any judicial authority. Additionally, they shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

➤ Performance Appraisal / Evaluation Process

As a member of the Board, their performance shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

➤ Disclosures, other Directorships and Business Interests

During the Term, they agree to promptly notify the Company of any change in their Directorships and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, they shall promptly disclose the same to the Company. Please confirm that as on date of this letter, they have no such conflict of interest issues with their existing Directorships, if any. During their term, they agree to promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect their status as an Independent Director.

➤ Changes of Personal Details

During the Term, they shall promptly intimate the Company and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

➤ Fees / Remuneration

They will be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time, subject to approval of the shareholders, if required. Further, the Company may pay or reimburse to you such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company.

➤ Termination

Their Directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, their Directorship may be terminated for violation of any provision of the Code of Conduct of the Company. They may resign from the Directorship of the Company by giving a 30 days notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by them in the notice, whichever is later. If, at any stage during the Term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, they fail to meet the criteria for "independence" under the provisions of Regulation 16(b) of SEBI (LODR) Regulation, 2015 they agree to promptly submit their resignation to the Company with effect from the date of such change.

➤ Cooperation

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on their part during their Term, they agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

Annexure A

Parameters of Appointment of Independent Directors (Section 149(6) of Companies Act, 2013)

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives—
 - holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - holds together with his relatives two per cent. or more of the total voting power of the company; or
 - is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- f) who possesses such other qualifications as may be prescribed.