

**PTC INDUSTRIES LIMITED**  
*Advanced Manufacturing & Technology Centre*  
NH 25A, Sarai Shahjadi, Lucknow 227 101, Uttar Pradesh, India

**Terms and condition of appointment of Independent director**

Version 1.0

Dear Mr./Ms. ....

**Subject: Appointment as the independent director of PTC Industries Limited**

We are pleased to inform you that at the ..... shareholders have approved your appointment as an Independent Director of the Company to hold office for ----- years up to .....Annual General meeting.

**A. Preliminary**

Independent Directors appointment is subject to the following:

1. Independent Director will submit a declaration in the beginning of every financial year under section 149 (7) of the Act during your tenure stating that you meet the criteria of independence.
2. The number of companies in which you hold office as a director or a chairman or committee member will not exceed the limit stipulated under the Act and the SEBI (LODR).
3. Independent director will ensure that you do not get disqualified to act as a director pursuant to the provisions of section 164 of the Act.
4. Independent director will ensure compliance with other provisions of the Act and the listing regulations as applicable to an independent director.

**B. Term**

Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time.

**C. Code of Conduct and Duties and Responsibilities**

1. Independent director will abide by the PTC Code of conduct to the extent applicable to an independent director of the Company as published on

website of the Company.

2. Independent director will abide by the Guidelines of professional conduct, Role, Function and Duties as an independent director as provided in Schedule IV of the Companies Act, 2013 set out at **Annexure - 1** hereto.
3. Independent director will not hold office as a director or any other office in a competing firm/entity.
4. Independent director are expected to stay updated on how best to discharge your roles, responsibilities, and duties and liabilities, as an independent director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.
5. Independent directors are expected to:
  - i. take decisions objectively and solely in the interests of the Company;
  - ii. facilitate Company's adherence to high standards of ethics and corporate behavior;
  - iii. guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
  - iv. guide the Board in monitoring and managing potential conflicts of interest of management, Board members and stakeholders, including misuse of corporate assets and abuse in related party transactions;
  - v. guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
  - vi. commit for sufficient time and attention as may be necessary in order to perform your duties including devotion of appropriate preparation time ahead of each meeting, attendance at regular and emergency Board meetings,

committee meetings, annual meeting(s) of Independent Directors and the Annual General Meeting.

6. Independent director will adhere to the following duties of directors, which are more specifically stipulated in Section 166 of the Companies Act, 2013, as under-

- i. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- ii. 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.
- iii. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iv. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- v. 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.
- vi. A director of a company shall not assign his office and any assignment so made shall be void.

#### **D. Performance Evaluation**

Re-appointment or extension of term and your remuneration will be recommended by the Committee to the Board, pursuant to a performance evaluation carried out by the Board.

## **E. Remuneration**

1. Independent directors annual remuneration will be as under:
  - (a) sitting fees for attending each meeting of the Board and its committees as may be determined by the Board from time to time, and
2. Independent directors will be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Board Committee meetings, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.
3. Pursuant to applicable law, Independent directors will not be entitled to any stock options.

## **F. Training**

Independent directors will be entitled to the benefit of a training program to familiarize you with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company operates, its goals and expectations and long term plans and objectives.

## **G. Confidentiality**

1. Independent directors will have access to confidential information, whether or not the information is marked or designated as "confidential" or "proprietary", relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), (**"Confidential Information"**).
2. Independent directors shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.

3. If any Confidential Information is required to be disclosed by Independent directors in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.
4. Independent directors attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.
5. On termination of the Appointment, Independent directors will deliver to the Company all books, document, papers and other property of or relating to the business of the Company which are in your possession, custody or power by virtue of your position as a Non- Executive Independent Director of the Company.

#### **H. Publication of the letter of appointment**

In line with the provisions of the Companies Act, 2013, the Company may make public a generic copy of this letter on its website at [www.ptcil.com](http://www.ptcil.com) and the same shall be open for inspection at the registered office of the company by any member during normal business hours.

This letter is governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Lucknow, Uttar Pradesh, India.

This letter constitutes neither a contract for services nor a service contract.

Please confirm your acceptance by signing, dating, and returning a copy of this letter to the Company

Yours faithfully,

**For PTC Industries Limited**

**Chairman**

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To,  
PTC Industries Limited  
Lucknow

I have read and I agree to the above terms regarding my appointment as a Non-Executive Independent Director of PTC Industries Limited

**Signature**  
**Agreed and Accepted**  
**[Name of independent director]**

Place:

Date:

## **Annexure 1**

### **Guidelines of professional conduct, Role, Function and Duties as an independent director**

#### **(As provided in Schedule IV of the Companies Act)**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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. Reappointment:**

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

**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 a period of not more than one hundred and eighty days 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 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.

**VIII. 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.