

## **TERMS AND CONDITIONS FOR APPOINTMENT OF INDEPENDENT DIRECTOR**

Dear Sir,

Subject: Appointment of Independent Director

We thank you for your confirmation to M/s. Pennar Engineered Building Systems Limited (the "Company"). We are pleased to inform you that you meet the "independence" criteria as envisaged in Section 149(6) of the Companies Act, 2013 ("2013 Act") and also for your consenting to hold office as a director of the Company.

Pursuant to your confirmation, we are pleased to confirm that the shareholders have approved in Extra Ordinary General Meeting held on 11<sup>th</sup> February, 2015 about your appointment as an Independent Director on the Board of the Company to hold office for a term of 5 (five) years with effect from 11<sup>th</sup> February, 2015 to 10<sup>th</sup> February, 2020 and you are not liable to retirement by rotation.

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that of an office-holder and not one of contract for employment in the Company.

### **A. Preliminary**

Your appointment is subject to the following:

1. During your tenure as an Independent Director, you will have to submit a declaration at the beginning of every Financial Year i.e. 1<sup>st</sup> April under Section 149 (7) of the Companies Act, 2013("Act") stating that you meet the criteria of Independence.
2. So long as you are an Independent Director of the Company, 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 for the time being force and as may be modified from time to time.
3. So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
4. You will update to the Company for any change of interest through MBP-1 form.
5. You will ensure compliance with other provisions of the applicable laws as an Independent Director.

### **B. Appointment**

Your appointment will be for a term of up to five years commencing on 11<sup>th</sup> February, 2015, in accordance with the provisions of applicable laws, you will serve as an Independent Director of the Board till 10<sup>th</sup> February, 2020, unless otherwise terminated earlier by and at the discretion of either party upon in accordance with the provisions of the applicable laws. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at next term's General Meetings.

### **C. Board Committee**

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

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

Ordinarily all meetings are held in Hyderabad, unless determined otherwise.

Recommendations/Minutes of the Meetings of the Committees are submitted to the Board for approval.

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.

### **D. Separate meetings**

As an Independent Director of the company you should strive to be present in at least one meeting in a year, without the attendance of non-independent directors and members of management with sole objective of:

1. review the performance of non-independent directors and the Board as a whole;
2. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
3. 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.

### **E. Role Duties and Responsibilities**

#### ***Fiduciary Responsibility of the Independent Director:***

A director 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.

A director shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

A director 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 in terms of provisions of the Companies Act, 2013, listing agreement and other applicable laws.

A director 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.

You shall be intimated in advance of the date, time and venue of the meetings of the Board or Committee thereof in which you are a member and Annual General Meeting and other General Meetings, if any, for attending the said meetings.

## **F. Fiduciary Duties**

While performing your duties as an Independent Director, the Board expects you to:

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. You shall strive to attend all meetings of the Board of Directors and of the Board Committees of which you are a member;
3. 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;
4. Ensure where you have concerns about the running of the company or a proposed action, ensure that these are addressed to the Board and, to the extent that you are not resolved, insist that your concerns are recorded in the minutes of the Board meeting;
5. Keep yourself well informed about the company and the external environment in which it operates;
6. You shall participate constructively and actively in the Committees of the Board in which you are a Chairperson or member;
7. You shall strive to attend the General Meetings of the Company.
8. Ensure that you should 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 yourselves 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. Ensure not to disclose the 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.

The Independent Directors are expected to:

1. Abide by the Code for Independent Directors as specified under Schedule IV to the Companies Act, 2013 and any other applicable laws including any amendment thereof in future.
2. Abide by the M/s. Pennar Engineered Building Systems Limited Code of Ethics, Code of Conduct and Vigil Mechanism.

Follow the below mentioned professional conduct as an Independent Director of the Company:

- a) Uphold ethical standards of integrity and probity;
- b) Act objectively and constructively while exercising duties;
- c) Exercise responsibilities in a *bona fide* manner in the interest of the company;
- d) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e) Not allow any extraneous considerations that will vitiate your 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;
- f) Not abuse the 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;
- g) Refrain from any action that would lead to loss of independence;
- h) Ensure that if circumstances arise by which you may lose your independence, in that instant you must immediately inform the Board accordingly;
- i) Assist the company in implementing the best corporate governance practices.

#### **G. Non-disclosure of Confidential Information**

1. The Director will have access to and may be entrusted with information in respect of Company's operations, products, customers, finances, and intellectual property including patents, trade secrets and processes, all of which information is or may be confidential. To be more clear, the parties accept that "Confidential Information" shall include all intellectual property, trade secrets, all information which has been specifically designated as confidential by the Company, any information which relates to the commercial and financial activities of the Company or any such confidential information concerning any of the Company's suppliers, agents, distributors or customers, the unauthorized disclosure of which may embarrass, harm or prejudice the Company. All notes and memorandum of any Confidential Information which shall be acquired, received or made by the director during the course of his directorship shall be the property of the Company and the Director shall not have or claim any right, title or interest therein and the same shall be surrendered by the Director to someone duly authorized in that behalf at any time during the course of his directorship or at the time of removal from the directorship.
2. The Director shall not, either during the directorship with the Company or at any time thereafter, disclose to any third party in any form, directly or indirectly, of any particulars concerning or related to the business conducted by the Company or its affiliate, including but not limited to technical, financial and business information and models, names of potential clients or partners, proposed transactions, reports, plans, market prognoses, computer software, databases, data, technical knowledge, trade secrets, processes or other Confidential Information belonging to the Company or the Company's customers, suppliers, agents or distributors. This condition shall apply to all such information, confidential or otherwise which were not intended for third parties, regardless of

whether such information includes any reference to its confidential nature or ownership and regardless of how the Director has come to possess, obtain or learn the information.

3. The Director shall not during the continuance of his directorship, undertake, disclose, divulge or cause to be communicated in any manner whatsoever, to any person, firm or body, any information of any description acquired by the Director while holding directorship of the Company, concerning the business, manufacturing process, commercial practices of the Company or any of its associates, including customers and suppliers.
4. In case of any breach or default by Director of the obligations contained in this Clause 1, the Directorship may be terminated.
5. The Director shall not divulge / discuss any information or any other Director's information with anyone in the Company or from outside, except required for any statutory or other authority which is authorized to ask for such information.
6. The Director shall not, except as authorized by the Company, or as required by his duties for the benefit of the Company, make copies, compile, merge, assemble or process information, products or systems of the Company or disassemble, reproduce or decompile the source code of the computer software included in those products or systems or attempt to deduce the source code of such software in any other manner.
7. All confidential records, documents and other papers together with any copies or extracts thereof made or required by the Director in the course of his directorship shall be the property of the Company and must be returned / handed over to the authorized representative of the Company, at any time during the course of directorship or on removal from the directorship.

#### **H. Intellectual Property Rights**

1. All intellectual property rights, including but not limited to patent rights, design rights, copyrights and related rights, database rights, and trademark rights, any other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, products, writings, publications, or works of authorships, written or electronic, developed or created ("**Works**") during the course of his association with the Company, that (a) relates to the business of the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith; or (b) results from the use of premises or personal property owned, leased or contracted by the Company, shall belong exclusively to the Company; and the Director hereby assigns to the Company all right, title, and interest, in and to such Works, including but not limited to copyright, trademarks, inventions, patentable subject matter and all rights subsumed thereunder. The Director further undertakes to promptly and fully disclose and hand-over the works and all such information and other materials thereto, over to the Company and the Director acknowledges that these shall remain forever as the exclusive property of the Company.
2. The Director shall not, during his directorship and after his directorship, disclose, use, sell, deliver or otherwise trade, or offer on his behalf or on behalf of any third party, the results of the Director's work. To the extent that such inventions are performed under the Company's direction, the Director shall fully, freely and immediately communicate any invention to the Company and all rights, title and interest to any such invention shall be the sole property of the Company.

3. The Director shall, during his directorship with the Company or after of his directorship for any reason, notify the Company immediately of any and all creations, discoveries, inventions or other developments made by him (either alone or with others) that relate to the business of the Company or relate to the research and development in which the Director was involved during the course of his association with the Company. Any such creation, invention or other developments relating to the Company's business made by the Director (either alone or with others) after removal from directorship shall be presumed to be owned by the Company.
4. In appropriate cases, and insofar as the rights specified hereinafter are not vested in the Company by operation of law pursuant to this Agreement, the Director covenants that he will transfer and, insofar as possible, hereby transfer to the Company any industrial and intellectual property rights of any nature in or arising from work performed (inventions made) by him in the discharge of his duties.
5. In pursuance of the above, the Director shall give the Company and its solicitors and / or its patent attorneys all necessary assistance and co-operation in connection with the preparation and prosecution of any application for patent, design, registration or copyright by the Company in respect of the invention and the Director shall irrevocably appoint the Company and any of its Directors jointly and severally as his true and lawful attorney/attorneys to execute all such documents and do all such things as in the opinion of the Company may be necessary or requisite for any such purpose.

#### **I. Non-solicitation**

1. The Director covenants with the Company that he or any of his relative shall not, during his directorship with the Company and after ceasing to be an Director of the Company, carry on any business similar to or in competition with the business of the Company, on his own behalf or on behalf of any person, firm or company. For removal of any doubts, the Director covenants with the Company that he shall not, during his directorship with the Company and after ceasing to be an Director of the Company, directly or indirectly:
  - (i) seek to procure orders from or influence or attempt to influence or do business with any person, firm or company, who has at any time during or after his termination, such person, firm or company had done business with the Company; or
  - (ii) endeavour to entice away from the Company or solicit or attempt to influence any person, firm or company who has at any time preceding his directorship, such person, firm or company has been employed or engaged by the Company.

#### **J. Non-competition**

- (a) During the period of the directorship with the Company; and
- (b) After the termination of directorship:

The Director and his relatives shall not, without the Company's prior written consent, engage in any activities or undertake or carry out or be connected with any activities that in any way directly or indirectly, through any of the Director's relations or associations, compete with the Company or any of its subsidiaries or relatives, in the place or places of business of the Company. The Director along with his relatives shall not, during his directorship with the Company and after ceasing to be an Director of the Company, establish, conduct (alone or with others) or cause the conduct of any competing business or take any interest in or be employed in any way whatsoever with any such businesses, whether or not for consideration. After the termination of directorship (as well as during the period of directorship in the

Company), the Director shall not, induce Directors of the Company or any of its subsidiaries or relatives to terminate their contracts in order to compete with the Company or any relatives in any way whatsoever or act in any manner detrimental to the interest of the Company.

- (c) The parties to this Agreement agree that violation of any provision or any aspect under this Agreement by the Director would make the Director liable for such legal action as the Company would deem fit.

#### **K. Directors and Officers insurance Policy**

The Company maintains a “**Directors and Officers insurance Policy**” (D & O policy) amounting to Rs. 1,00,000,000/- to pay for the personal liability of Directors and Officers of the Company for claims made against them while serving on the Board/ or as an Officer of the Company.

#### **L. Discontinuation:**

1. Your Directorship on the Board of the Company shall terminate or cease in accordance with applicable law. Apart from the grounds of termination as specified in the applicable laws, your Directorship may be terminated for violation of any provision of the Code of Conduct of the Company and terms of appointment letter;
2. You may resign from the Directorship of the Company by giving a 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 you in the notice, whichever is later;
3. If, at any stage during the term of your Directorship, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable any other laws and you fail to meet the criteria for ‘independence’, you agree to promptly submit your resignation to the Company with effect from the date of such change. You shall also promptly submit your resignation to the Company as and when the Board of Directors by majority decision pass a resolution to that effect;
4. Upon such termination or resignation for any reason or on not having been re-appointed by the shareholders for any reason, you shall not be entitled to any damages or compensation for loss of office or otherwise and no fee or remuneration or commission, as the case may be, will be payable to you in respect of any unexpired portion of the term of your appointment.

#### **M. Review process**

The performance of individual Directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters that cause you concern about your role you should discuss them with the Chairman as soon as is appropriate

#### **N. Acceptance and Appointment**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

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

Yours Sincerely,

**for M/s. Pennar Enginnered Building Systems Limited**

**Joginapally Venkata Nrupender Rao**  
**CHAIRMAN**  
**[DIN: 00089922]**

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**AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

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Name:

Place:

Date: