

LETTER OF APPOINTMENT FOR INDEPENDENT DIRECTOR

Sub: Appointment as an Independent Director of Finolex Industries Limited (the 'Company')

Dear Sir,

We are pleased to inform you that the Board of Directors (**'the Board'**) of the Company at its meeting held on [*], approved your appointment as an Independent Director of the Company (**'Independent Director'**) with effect from [*], subject to approval of the members of the Company.

1. Appointment

- 1.1 In accordance with the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 (**'Act'**), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Act and Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**), you are appointed as an Independent Director on the Board of the Company to hold office for five (5) consecutive years with effect from [*]. You will not be an employee of the Company and this letter shall not constitute a contract of employment.
- 1.2 The aforesaid term of your appointment as proposed by the Board of the Company shall be subject to approval by the shareholders of the Company at its general meeting / postal ballot. Your appointment is also subject to the maximum permissible directorships that a director can hold as per the provisions of the Act and the Listing Regulations.
- 1.3 In compliance with the provisions of sub-section (13) of Section 149 of the Act, your directorship is not subject to retirement by rotation.
- 1.4 Notwithstanding other provisions of this letter, the Company reserves the right to terminate your appointment as an Independent Director prior to completion of the said term in

accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in sub-section (6) of Section 149 or on occurrence of any event as defined in Section 167 of the Act.

- 1.5 Upon termination of your appointment or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.

2. Committees of the Board

During the term of your appointment, you may be required to serve on one or more existing Committees of the Board of the Company. You shall be expected to act in accordance with the terms of reference of the Committee(s) constituted pursuant to the provisions of the Act and the Listing Regulations including amendments, if any. The Board has constituted Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Share Transfer Committee, Finance Committee and Risk Management Committee.

3. Time Commitment

- 3.1 As an Independent Director, you are expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board and Audit Committee meets at least four times in a year. Besides, there are other committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Share Transfer Committee which are ordinarily convened as and when required. You will be expected to attend Board meetings and meetings of the Board Committees to which you may be appointed and general meetings and to devote such time, as appropriate for you to discharge your duties effectively.
- 3.2 By accepting this appointment, you confirm that you are able to devote sufficient time and attention as is prudent and necessary for meeting the expectations of your role, duties and

responsibilities as an Independent Director to the satisfaction of the Board.

4. Role and Duties

Your role and duties will be those normally required of an Independent Director under Schedule IV of the Act and the Listing Regulations. The fiduciary duties incidental to your appointment as an Independent Director of the Company are to:

- (1) act in accordance with the Articles of Association of the Company;
- (2) act in good faith in order to promote the objects of the Company for the benefit of its shareholders as a whole, and in the best interests of the Company;
- (3) 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;
- (4) bring an objective view in the evaluation of the performance of Board and management;
- (5) scrutinize the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance;
- (6) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (7) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (8) balance the conflicting interest of the stakeholders;
- (9) 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;
- (10) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between the management and shareholder's interest;
- (11) accurately report on the performance and financial position of the Company; and
- (12) ensure compliance with the applicable legislation and regulations under review and the conformity of the practices of the Company to accepted norms.

The duties enlisted hereinabove shall be discharged with due and reasonable care, skill and diligence.

5. Limitation on discharge of duties

The discharge of your duties as an Independent Director shall not extend to:

- (1) involving yourself in situations having a conflict of interest, whether direct or indirect, vis-à-vis the Company as defined in clause 6 of this letter;
- (2) achieving or attempting to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates; and
- (3) assigning your office as a director and any assignments so made shall be void.

6. Conflict of interest

6.1 It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your impending appointment, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.

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. Compensation Structure

7.1 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 and approved by the shareholders from time to time. Further, you will also be paid remuneration by way of commission, as may be approved by the Board and the shareholders from time to time.

7.2 The sitting fees payable for attending meeting of the Board would be Rs.40,000/- per meeting. Further, the sitting fee payable for attending meeting of the Committee would be

Rs.20,000/- per meeting, subject to TDS at applicable rate. The revision of the sitting fees, if any, will be approved by the Board as and when considered necessary.

7.3 You shall not be entitled to participate in any employee stock option scheme operated by the Company or any group company and shall not be entitled to avail of any bonus during your term of appointment.

8. Commission

You shall be entitled for remuneration by way of commission not exceeding 1% (one percent) per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013 which will be paid and distributed amongst the directors of the Company, other than the Managing Director or Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors in a financial year, which will be distributed amongst all or some of the independent directors as approved by the Board of Directors from time to time and subject to any other applicable provisions of the Companies Act, 2013.

9. Reimbursement of Expenses

The Company will reimburse you the following items of expenses incurred by you as incidental to the performance of your duties, namely:

- (1) Travel expenses;
- (2) Hotel accommodation expenses; and
- (3) Out-of-pocket expenses.

10. Confidentiality

10.1 All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

10.2 Your attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure 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 result in a breach of these requirements without prior clearance from the Chairman or the Compliance Officer of the Company.

11. Induction

You may be invited to attend ongoing training and familiarization sessions, including briefings from the management and site visits of the Company. Please avail yourself of these opportunities as fully as is appropriate to your personal convenience.

12. Evaluation

The Board will carry out an evaluation of your performance as prescribed under the provisions of the Act and Listing Regulations. 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 shall be subject to the outcome of the yearly evaluation process.

13. Insurance

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such cover during the full term of your appointment as Independent Director of the Company.

14. Disclosure of interest

Any material interest acquired by you in a contract or arrangement entered into with the Company shall be disclosed at the meeting of the Board in which such contract or arrangement is discussed in order that the minutes and the Annual Accounts record an appropriate mention of such disclosure of interest. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

15. Code of Conduct

The codes of conduct of the Company which necessitate compliance by you are:

- (1) Code of Conduct for Directors and Senior Management and Code of Independent Directors;
- (2) Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information; &
- (3) Code of Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 2015 to Regulate, Monitor & Report of trading by Insiders.

and such other requirements as the Board may, from time to time, specify.

16. Resignation

You may resign from your position at any time before the end of your term of office by giving a notice in writing to the Board.

Continuation of your appointment is contingent on your getting elected / re-elected by the shareholders in accordance with provisions of Act and Listing Regulations and the Articles of Association of the Company, from time to time in force. You will not be entitled to compensation if the shareholders do not elect / re-elect you at any time or otherwise as a director.

17. Governing Law

This letter of appointment and any non-contractual obligations arising out of or in connection with the same are 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 Pune.

Kindly note your appointment as Independent Director as above.

We are enclosing herewith Code of Conduct for Directors and Senior Management and Code of Independent Directors for your reference.

Thanking you.

Yours sincerely,
For Finolex Industries Limited

Company Secretary

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.

Signature _____

Name:

Place:

Date:

FINOLEX INDUSTRIES LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

&

CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Directors and Senior Management shall:

1. Use due care and diligence in performing their duties and in exercising their powers.
2. Act honestly, in good faith and in the best interest of the Company.
3. Neither make improper use of information nor take improper advantage of their position as a Director or member of Core Management Team.
4. Not allow personal interests to conflict with the interests of the Company.
5. Recognize that their primary responsibility is to the shareholders of the Company as a whole but they should (where appropriate) have regard for the interests of all stakeholders.
6. Not engage in conduct likely to bring discredit to the Company.
7. Take all reasonable steps and appropriate actions in consonance with all decisions taken by the Board of Directors.
8. Ensure the confidentiality of information they receive whilst being in office of Director or member of the Core Management Team and may disclose if authorized by the Company.
9. Not indulge into insider trading.
10. Ensure that the business practices of the Company would always be fair and transparent.
11. Ensure compliance of the duties of directors as per the provisions of the Companies Act, 2013.
12. A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV – “Code for Independent Directors”, which lays down the guidelines of professional conduct for Independent Directors, their role & duties, alongwith appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as Annexure I to this Code.

APPENDIX – I

CODE OF CONDUCT FOR INDEPENDENT DIRECTORS

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:

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 fulfills 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. Re-appointment:

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.
