

PALI COMMERCIAL CO LTD
TERMS OF APPOINTMENT AS NON-EXECUTIVE INDEPENDENT DIRECTORS

Appointment

Mr. Manoj Khemka

Your re-appointment as a Non-Executive Independent Director on the Board of Directors of the Company shall be for a second term of five consecutive years commencing from 23rd August, 2024 up to 22nd August, 2029, during which you shall not be liable to retire by rotation. Your appointment is subject to the provisions of the Companies Act, 2013 ("Act"), Articles of Association of the Company and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") generally as a director and especially you remaining independent with the business of the Company.

Mr. Manas Mukherjee

Your appointment as a Non-Executive Independent Director on the Board of Directors of the Company shall be for a term of five consecutive years commencing from 22nd September, 2023 up to 21st September, 2028, during which you shall not be liable to retire by rotation. Your appointment is subject to the provisions of the Companies Act, 2013 ("Act"), Articles of Association of the Company and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") generally as a director and especially you remaining independent with the business of the Company.

Mr. Chirantan Biswas

Your appointment as a Non-Executive Independent Director on the Board of Directors of the Company shall be for a term of five consecutive years commencing from 11th June, 2024 up to 10th June, 2029, during which you shall not be liable to retire by rotation. Your appointment is subject to the provisions of the Companies Act, 2013 ("Act"), Articles of Association of the Company and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") generally as a director and especially you remaining independent with the business of the Company.

Your appointment is also subject to the maximum permissible directorships that one can hold as per the provisions of the Act and the Listing Regulations.

As per the "Act" a person shall not hold office of director (including any alternate directorship) in more than 20 companies and out of these, public companies (including private companies that are either holding or subsidiary of a public company) shall not be more than 10. For more details kindly refer to section 165 of the Act.

As per Listing Regulations a person shall not serve as an independent director in more than 7 listed companies. Further, any person who is serving as a whole time

director in any listed company shall not serve as an independent director in more than 3 listed companies. For this para, only those listed entities whose equity shares are listed on Stock Exchanges shall be considered.

You shall ensure that in case any situation arises as to which you may lose your independence, you will immediately inform the Board of Directors accordingly.

The Company may disengage your office as Independent Director pursuant to compliance of relevant provisions of the Act and Listing Regulations or any other applicable laws.

Your appointment as such is not as an employee of the Company and hence this letter shall not be construed as an employment contract.

Kindly refer to section 164 and 167 of the Act for provisions regarding disqualifications for appointment/ continue to remain a director.

Appointment on Committees of Board of Directors

You, while being a member of Board of Directors, may be invited/ nominated for appointment on various committees of the Board of Directors, as set up from time to time. Currently, following are the Committees of Board of Directors:

Audit Committee

Nomination and Remuneration Committee

Role and Duties

Primarily your role and duties shall be those as normally required from a non-executive independent director under the Act and the Listing Regulations. Your role as an independent director shall include, *inter alia*, to bring objectivity and provide a balance to the functioning of the Board by providing independent judgment on various issues raised in the board meetings. Broadly some of the functions are as under:

- To formulate and review the Company's business strategy
- To monitor Company's performance
- To review and approve Company's financial statements
- To advise and counsel on risk management
- To suggest and to ensure high level of corporate governance by the Company
- To ensure compliance with regulatory requirements

Apart from the above, you are expected to perform the roles and duties as prescribed under the Act, particularly Schedule IV (code for Independent Directors) and section 166 of the Act, attached as Annexure A1 and also responsibilities of the Board as mentioned in the Listing Regulations.

Liabilities

You as an Independent Director shall be held liable, in respect of such acts of omission or commission by Company which had occurred with your knowledge,

attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

Director's Liability Insurance

Company has taken a Directors' and Officers' Liability Insurance policy which will be renewed and maintained for the full term of your appointment.

Remuneration

You will be entitled for sitting fee for attending the meetings of board or committees of board (of which you are a member) as may be decided by the Board.

Expenses: The Company will reimburse or bear all reasonable and properly documented expenses incurred in performing your role as an independent director.

Induction

You shall be eligible for an induction so as to familiarize you with the Company and its business etc.

Disclosure of Interest and disclosure of related parties

You are expected to disclose your concern or interest in any company or companies or body corporate, firms, or other association of individuals, including shareholding, as required by the provisions of section 184 of the Act.

You are also expected to disclose your related parties as per section 2(76) of the Act.

Confidentiality of information

Any information acquired during your term as director of the Company is confidential and should not be released, during your term and following termination for a period of three years since termination, to any third parties without prior written consent from the Chairman unless required by law or by any regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you whilst holding the directorship.

Restrictions

During the term of your appointment, you are expected not to serve or join the competing companies (whether in India or abroad) as Director, advisor, consultant, or any such positions.

Evaluation

The Company will carry out an evaluation of the performance of the Board as whole, board committees and individual directors on an annual basis. Your evaluation as an independent director shall include your performance, fulfilment of independence criteria as specified in the Act and the Listing Regulations, and your independence from management. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of your appointment as Non-executive Independent Director.

Termination

- A. You may resign from your position of non-executive independent director at any time by giving a reasonable written notice to the Board of Directors, giving detailed reasons for resignation and also providing a confirmation that there is no other material reasons other than those provided. You may also forward to the Registrar of Companies in the prescribed e-form a copy of your resignation with reasons for the resignation.
- B. Continuation of your appointment shall be governed by the provisions of the Act, Listing Regulations, Articles of Association of the Company, the Code of Ethics and Conduct of Company and any other policy of Company or any other applicable law, as in force from time to time.

Publication

In line with the provisions of Schedule IV of the Act, the letter of appointment will be open for inspection by any member of the Company and the Company will also put the terms and conditions of the appointment on the Company's Website.

Governing Law

The appointment and the terms hereinabove shall be governed by the laws of India.

SCHEDULE IV

[See section 149(8)]

CODE 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) act within their 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. 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 three months 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 financial 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.

Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined

under clause (45) of section 2 of the Companies Act, 2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Government and such requirements are complied with by the Government companies.

Duties of directors (Section 166 of the Act)

1. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
2. 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.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. 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.
5. 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.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees, but which may extend to five lakh rupees.