

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The following are the terms and conditions of the appointment of Independent Directors in compliance with Schedule IV and other applicable provisions of the Companies Act, 2013:

1. Terms of Appointment:

- i. In accordance with the provisions of the Companies Act, 2013 ('Act') and other applicable laws, appointee will serve as an Independent Director of the Board up to 5 years from the date of appointment.
- ii. In terms of the Act, you may be eligible to serve as an Independent Director for another term of up to 5 years, subject to the recommendation of the Nomination and Remuneration Committee and passing of special resolution by the shareholders of the Company.
- iii. As an Independent Director, you will not be liable to retire by rotation.
- iv. During your tenure as an Independent Director, you will have to submit a declaration at the first meeting of the board in every financial year under Section 149(7) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') stating that you meet the criteria of Independence.
- v. You shall not hold the office as a Director or act as a Chairman or Member of the Committee in excess of the limit stipulated under the Act and Listing Regulations.
- vi. You will ensure that you do not get disqualified to act as a director pursuant to the provisions of Section 164 of the Act.
- vii. You will ensure compliance with other applicable provisions of the Act including the Code of Independent Directors as stipulated under Schedule IV of the Act and the Listing Regulations. Schedule IV of the Act which provides for the Code of Independent Directors is enclosed as **Annexure A**.

2. Committees:

- i. During your tenure as an Independent Director, you may be required to serve on one or more of the committees of the Board, i.e., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility, Risk Management

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Committee, Stakeholders' Relationship Committee or such other Committees, as the Board may decide.

- ii. You are an independent non-executive director and will be identified as such in the annual report and other documentation of the Company. If circumstances change, and you believe that your independence will be in doubt, you should discuss the same with the Chairman of the Company as soon as practicable.

3. Duties and Liabilities:

- i. You will perform your fiduciary duties in a responsible manner and your general legal responsibilities to the Company will be at par with a non- executive director.
- ii. You shall act in accordance with the Articles of Association of the Company and while discharging your duties, comply with the requirements of Section 166 of the Act.
- iii. You will be held liable only in respect of such acts of omission or commission by the Company which have occurred with your knowledge, attributable through Board processes, and with your consent or where you have not acted diligently.

4. Code for Independent Directors:

- i. The Company has relied on the declaration of Independence given by you that you meet the criteria of independence as provided in Section 149(6) of the Act as also in the Listing Regulations.
- ii. You will be required to abide by the guidelines as to professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act.
- iii. The Independent Director will be required to comply with applicable provisions of any code of conduct framed by the Board for all Board members and Senior Management of the Company under the Listing Regulations.

5. Conflict of Interest:

- i. As an Independent Director, you shall not engage in any business relationship or activity which might conflict with the interest of the Company.
- ii. In case of any potential conflict of interest, you must at the earliest opportunity make full disclosure of all facts and circumstances and shall ensure that Company's interest are protected.

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- iii. You are prohibited from dealing in the Company's securities when the trading window is closed. you are expected to comply with the Company's code for securities dealing as well as with the concerned provisions of the Insider Trading Laws and Regulations.

6. Time Commitment:

While accepting the appointment, you confirm that you will be able to allocate sufficient time to perform your duties as a director and attend meetings of the Board or any committee thereof. In addition to such attendances, you will be expected to devote appropriate preparation time ahead of each meeting.

7. Directors' and Officers' Insurance:

The Company has Directors' and Officers' Insurance and it is intended that the Company will assume and maintain such cover for the full term of your appointment subject to the terms of such policy in force from time to time.

8. Evaluation Process:

The performance of individual directors shall be evaluated by the entire Board, excluding the director being evaluated, on an annual basis.

9. Remuneration:

As an Independent Director, you shall be paid sitting fees for attending the meeting of the Board of Directors. The present sitting fees as determined by the Board of Directors is Rs. 50,000/- (Rupees Fifty Thousand only) for each meeting of the Board.

In addition to the sitting fee, the Company will, for the period of your appointment, reimburse you for your travel, accommodation and other incidental expenses incurred by you in the performance of your role and duties.

10. Confidentiality:

As an Independent Director, you must apply the highest standard of confidentiality and not disclose to any person or company (whether during the course of your appointment or following cessation) any confidential information concerning the Company or its subsidiaries, which you may have acquired in the course of your role as an Independent Director.

You shall not disclose or release any confidential information, which you may acquire or come across during your appointment to any third parties, either during

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your appointment or following cessation (by whatever means) without prior clearance from the Chairman unless the same is required by law or by the rules of any regulatory authorities.

11. Training/ Familiarization:

The Directors are provided with relevant documents such as Annual Reports, Code of Conduct, Policy Documents, etc. at the time of their appointment and as and when they seek for the same.

Comprehensive Presentations are made at the Board and Committee Meetings on the Business of the Company, Financial Performance, Industry Overview, CSR and Compliances. The Directors will be invited to attend Familiarization Programme.

12. Termination:

You may resign from your position at any time, and should you wish to do so, you are requested to serve a reasonable written notice to the Board.

Your appointment may also be terminated in accordance with the provisions of Companies Act, 2013 and rules made there under and the Articles of Association of the Company from time to time in force.

13. General:

This appointment is governed by and will be interpreted in accordance with the Indian laws and subject to the jurisdiction of Hyderabad.

It is our pleasure to have you on our Board. I am confident that your association, expertise and advice will immensely benefit the Board of Directors and the Company.

Yours sincerely,
For **Balaxi Pharmaceuticals Limited**,

Ashish Maheshwari
(Chairman and Managing Director)
DIN: 01575984

I hereby acknowledge receipt of and accept the terms set out in this letter.

Signed
Dated

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Annexure - A
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 ²[\["three months"\]](#) 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 ³[\["in a financial year"\]](#), 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.