

# Medley Pharmaceuticals Limited

Medley House, D-2, MIDC Area, 16<sup>th</sup> Road, Andheri (E), Mumbai- 400093.  
Tel : 30887777, Email: medpharm@bom2.vsnl.net.in CIN: U2430MH1975PLC018296



## Model Letter - Appointment of Independent Director

Date :

Mr. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Mr. \_\_\_\_\_

### **SUBJECT: APPOINTMENT AS AN INDEPENDENT DIRECTOR**

I am pleased to inform you that upon recommendation of Remuneration Committee and the Board of Directors (the Board), the Shareholders of Medley Pharmaceuticals Limited (the Company) at their \_\_\_Annual General Meeting held on \_\_\_\_\_ have approved your appointment as an Independent Director of the Company. This letter sets out the terms of your appointment.

#### **1. Term of Appointment:-**

Your appointment will be in accordance with the Companies Act, 2013 (the Act) for the period from \_\_\_\_ to \_\_\_\_ subject to a yearly formal review by the Board. You will not be liable to retire by rotation under the Act.

You may resign by notice in writing at any time pursuant to provisions of the Act. In addition to the circumstances prescribed under the Act, your appointment may cease in the circumstances prescribed below:

- Continuing conflict of interest that cannot be reconciled.
- Failure in performance of a fiduciary responsibility.
- Non-compliance with the Code of Conduct for Directors and Sr. Management and other policies of the Company.
- On the discretion of shareholders.
- Continuing Independence conflicts.
- Any other condition which the Board may think fit.

#### **2. Board Committees :-**

During the term of your appointment, you may be required to serve on one or more Committees of the Board established by the Company. Upon your appointment to any one or more Committees, you will be provided with the appropriate charter of that Committee which sets out the functions of that Committee.

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Currently, the Company has following operative committees:

- Audit Committee
- Remuneration Committee
- Corporate Social Responsibility Committee
- Management, Administration & Share Transfer Committee

### 3. Professional Conduct:-

As an independent director you shall:-

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising your duties;
- exercise your responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- 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;
- not abuse your 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;
- refrain from any action that would lead to loss of your independence;
- where circumstances arise which make you lose your independence, you shall immediately inform the Board accordingly;
- assist the Company in implementing the best corporate governance practices.

### 4. Role & Functions:-

You will be expected to participate as an active member of the Board and:-

- shall act in accordance with the Company's Articles of Association, Policies and Codes as amended from time to time;
- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

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- (v) satisfy on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (vi) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (vii) balance the conflicting interest of the stakeholders;
- (viii) 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;
- (ix) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

### 5. Duties:-

You will be expected to perform, in addition to the duties prescribed under the Act, the following duties:

- (i) 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;
- (ii) exercise your duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- (iii) 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;
- (iv) not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates;
- (v) not assign your office and any assignment so made shall be void;
- (vi) undertake appropriate induction and regularly update and refresh skills, knowledge and familiarity with the Company;
- (vii) 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;
- (viii) strive to attend all meetings of the Board of Directors and of the Board committees of which you may be a member;
- (ix) participate constructively and actively in the committees of the Board in which you may be chairperson or member;
- (x) strive to attend the general meetings of the Company;
- (xi) where you 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;

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- (xii) keep yourself well informed about the Company and the external environment in which it operates;
- (xiii) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (xiv) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the Company;
- (xv) 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;
- (xvi) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (xvii) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (xviii) 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.

### 6. Responsibilities:-

The Independent Directors shall have the same legal responsibilities to the Company as that of other directors pursuant to the provisions of the Act.

### 7. Sitting Fees & Expenses:-

You will be entitled to remuneration by way of sitting fees as decided by the Board and / or Shareholders from time to time and as per applicable provisions of the Act for attending each meeting of the Board or Audit Committee thereof of which you may be a member.

You will be reimbursed for all approved expenses incurred in your role as a director.

### 8. Disclosure:-

To enable compliance with the Code of Conduct for Directors and Sr. Management, you are required to make certain disclosures related to and/or which might affect your role as a director. These include:

- Giving notice to the Board of any relevant or material personal interest or conflict in relation to the affairs or business of the Company;
- Promptly advising details of any interests, or changes thereto, in the Company's securities.
- Disclosure of dealing in the securities of the Company.

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- Transaction / relationship with embargoed or prohibited persons.

### 9. Other Directorships:-

- You would need to inform the Chairman prior to accepting directorships of other companies.
- Should you retire / resign from the Board of Medley Pharmaceuticals Limited, we request that you do not accept directorships of companies which are in direct competition with the Company for a period of one year.

### 10. Director's Performance Review:-

You appointment as Independent Director would be subject to review relating to your role in the Board and / or its Committees. The review process will be performed on a yearly basis. Your re-appointment shall be on the basis of report of performance review.

### 11. Access to documents:-

Under the Articles of Association and subject to the provisions of the Act, you have certain rights with respect to access to Company documents.

### 12. Independent Advice:-

With the approval of the Chairman you may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of your responsibilities as a director. Copies of this advice must be made available to, and for the benefit of, all Board members.

### 13. Company Policies:-

As a director of the Company, you will be expected to act at all times in accordance with the Company's Constitution and comply with the Company's corporate policies and procedures that relate to your role as a director including such areas as corporate governance, privacy and travel.

### 14. Confidentiality:-

In your role as a director you will be in possession of confidential information about the Company and its affairs. You may only use that information in the proper performance of your duties or as required by law. You must not use it to gain advantage for yourself or others, or to the detriment of the Company.

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It is a pleasure to have you on the Board. I am confident that your association, expertise and advice would immensely benefit the Company and the Board.

Best Regards,

Yours sincerely,

**For Medley Pharmaceuticals Limited**

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**Vice Chairman**

**Accepted:**

**Signature** \_\_\_\_\_

**Name** \_\_\_\_\_ (*name of the independent director*)

**Date:**

**Encl: Code of Conduct for Directors**