Draft Letter of Appointment
(including code of conduct for Independent Directors)

To Date :

Name of Director
Address

Dear Sir,

Sub: Appointment as an Independent Director (Additional Director)

I am pleased to inform you on behalf of the Board of Directors of AVTEC Limited ("**Board**") that the Board has at their meeting held on _____, approved your appointment as an Independent Director of the Company (under the provisions of Section 149 and 161 of the Companies Act, 2013 read with rules framed there under and all other provisions as may be applicable). This letter sets out the main terms of your appointment.

The Board and the Company are grateful to you for confirming your in-principle acceptance to this appointment. It is agreed that, on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

Having regard to the nature of the rights and responsibilities of independent directors of Indian companies, as well as good practices in corporate governance, the Company has adopted a formal letter of appointment for all independent directors.

1. Appointment

1.1. Subject to the remaining provisions of this letter, your appointment is for an initial term of ____ years commencing on _____.

1.2. Your appointment is subject to the articles of association. Nothing in this letter shall be taken to exclude or vary the terms of the articles of association as they apply to you as a director of the Company. Your continued appointment as an independent director is subject to election by the Company's shareholders at the ensuing Annual General Meeting for F.Y _____, in terms of applicable provisions of Companies Act, 2013 read with rules framed there under, as amended from time to time.

1.3. If the shareholders do not elect you as a director, your appointment shall terminate automatically with immediate effect and without compensation.

1.4. Continuation of your contract of appointment is also contingent on satisfactory performance, your election by shareholders in General Meeting ("GM") and any relevant statutory provisions relating to the removal of a director.

1.5. Notwithstanding the foregoing paragraphs, the Company may terminate your appointment with immediate effect if you:

(a) commit a material breach of your obligations under this letter; or

(b) commit any serious or repeated breach or non-observance of your obligations to the Company (which include an obligation not to breach your duties to the Company, whether statutory, fiduciary or common-law); or

(c) are guilty of any fraud or dishonesty or acted in a manner which, in the opinion of the Company acting reasonably, brings or is likely to bring you or the Company into disrepute or is materially adverse to the interests of the Company; or

(d) are convicted of any criminal offence resulting in imprisonment of not less than 6 months; or

(e) are declared insolvent or have made an arrangement with or for the benefit of your creditors; or

(f) are disqualified from acting as a director or required to vacate the office as a director, in accordance with the provisions of the Companies Act, 2013 read with rules framed there under, or any applicable law, as amended from time to time.

1.6. If there are matters which arise which cause you concern about your role you should discuss them with the chairman or the company secretary of the Company. If you have any concerns that cannot be resolved, and you choose to resign for that, or any other, reason, you should provide an appropriate written statement to the chairman or the company secretary for circulation to the Board.

2. Time commitment

2.1 The Board normally meets for a minimum of 6 (six) times in a year and holds additional meetings as the occasion requires. As an Independent Director, you would also be required to attend a separate meeting of Independent Directors conducted at least once in a year.

2.2 The Company requests you to confirm that you will be able to devote sufficient time and attention to meet the expectations of your role as an Independent Director. You will be expected to devote such time as is necessary for the proper performance of your duties and you should be prepared to spend sufficient time for preparation for and attendance at:

- scheduled Board meetings
- scheduled meetings of the committees of the Board in which you are member
- scheduled meeting of the independent directors
- general meetings of members including the AGM
- updating meetings/training
- meetings as part of the Board evaluation process
- such other activity / meeting as may be required for effective discharge of your professional obligations as an independent director.

2.3 Meetings may involve you in some travel within India or overseas. Unless urgent and unavoidable circumstances prevent you from doing so, it is expected that you will attend all the meetings outlined above.

2.4 The nature of the role makes it impossible to be specific about the maximum time commitment, and there is always the possibility of additional time commitment in respect of preparation time ahead of board meeting and ad hoc matters which may arise from time to time, and particularly when the Company is undergoing a period of increased activity. At certain times it may be necessary to convene additional Board, committee or shareholder meetings.

2.5 By accepting this appointment, you undertake that taking into account all other commitments you may have, you are able to, and will, devote sufficient time to your duties as an independent director.

2.6 The Company recognizes the demands on the time of its directors. Management, under the oversight of the chairman and fellow directors is expected to ensure that the most efficient and productive use is made of the time which the independent directors commit to the Company.

3. Role

3.1. The Board's role is to effectively represent, and promote the interests of, all the stakeholders with a view to adding long-term value to the Company's stakeholders. In the normal course of events, day to day management of the Company is left to management; the Board directs and supervises the management with regard to the business and affairs of the Company. An independent director has the same general legal responsibilities to the Company as any other director.

3.2. You acknowledge that the Board as a whole is collectively responsible for the success of the Company. The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance;
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

3.3. You acknowledge that in addition to these requirements of all directors, the role of an independent director has the following key elements:

- **Strategy** – independent directors should constructively challenge and help develop proposals on strategy.

- **Performance** – independent directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

- **Risk** – independent directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

- **People** – independent directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors and in succession planning.

3.4. Your primary duties as an independent director will include:

- 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;
- bringing an objective view in the evaluation of the performance of board and management;

- safeguarding the interests of all stakeholders, particularly the minority shareholders;
- balancing the conflicting interest of the stakeholders;
- determining 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;
- moderating and arbitrating in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
- constructively challenging and helping in developing proposals on strategy;
- scrutinizing the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- satisfying yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- upholding high standards of integrity and probity and supporting the other directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond;
- insisting on receiving high-quality information sufficiently in advance of board meetings;
- taking into account the views of shareholders and other stakeholders where appropriate;
- constructive and active participation in the committees of the Board in which you are a chairperson or member;
- ensuring that your concerns about the running of the Company or a proposed action are addressed to the Board and recorded in the minutes of the meeting to the extent they are not resolved;
- being well informed about the Company and the external environment it operates in;
- not to unfairly obstruct the functioning of the Board or the committee of the Board;
- ensuring that sufficient deliberations are held before approving related party transactions and assure that they are in the interest of the Company;
- ascertaining and ensuring that the Company has an adequate and functional vigil mechanism and that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- reporting concerns about unethical behavior, actual or suspected fraud or violation of the Code; and
- assisting in protecting legitimate interests of the Company, shareholders and its employees.

4. Fiduciary Responsibility of the Independent Director

4.1. A director of the Company shall act in accordance with the articles of association of the Company.

4.2. A director of the 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 particularly the minority shareholders, the community and for the protection of environment.

4.3. A director of the Company shall exercise his duties with due and reasonable care, skill and diligence.

4.4. A director of the 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 in terms of provisions of the Companies Act, 2013 read with rules framed thereunder and other applicable laws, as amended from time to time.

4.5. A director of the 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 undue gain, he shall be liable to pay an amount equal to that gain to the Company.

4.6. A director of the Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to -

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

4.7. Unless specifically authorised to do so by the Board, a director of the Company must not enter into any legal or other commitment or contract on behalf of the Company.

4.8. Such other duties as may be specified by the Companies Act, 2013 read with the rules framed there under and as amended from time to time.

5. Code for Independent Directors, Business Ethics and Price Sensitive Information

5.1. As an Independent Director you are required to abide by the provisions of "Code for Independent Directors" ("**Code**") specified in schedule IV of Companies Act, 2013, as amended from time to time, enclosed herewith as Annexure -I to the letter. Compliance with the Code would *inter alia* require you to:

a) uphold ethical standards of integrity and probity;
b) act objectively and constructively while exercising your duties;
c) exercise your responsibilities in a bona fide manner in the interest of the Company;
d) devote sufficient time and attention to your 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 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;
g) refrain from any action that would lead to loss of your independence; where circumstances arise which result in loss of independence, inform the Board immediately;
h) assist the Company in implementing the best corporate governance practices.

5.2. During your period of appointment you are also required to comply with the provisions of the statutory regulations.

6. Committee Involvement

6.1. Board committees are formed when it is efficient or necessary to facilitate effective decision-making. From time to time, as deemed fit by the Board, you may be requested by the Board to serve on one or more Board committees.

6.2. The Board has appointed you as a member of the Audit Committee and Corporate Social Responsibility Committee. As and when required, you may seek the assistance of the company secretary to ensure that you are aware of the committee's terms of reference and the responsibilities involved.

7. Remuneration and Expenses

7.1. As an Independent Director, you are eligible for sitting fees for attending meetings of the Board or committee thereof as decided by the Board from time to time. You shall also be eligible for receipt of profit related commission as may be approved by the members from time to time.

7.2. The Company will reimburse you for all expenses, as may be incurred by you for participation in the Board and other meetings, such as accommodation, travelling expenses etc., reasonably and properly incurred and documented.

7.3. All fees payable shall be subject to income tax and other statutory deductions.

7.4. On termination of the appointment, you shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

8. Board and Individual Director Evaluation Processes

8.1. The performance of the Board as a whole, its committees and individual directors is evaluated annually. If, during the tenure of your directorship, there are any matters which cause you concern about your role you may discuss them with the chairman of the Board. You may also seek the assistance of the key managerial personnel's of the Company, as and when required, for effectively discharging of your duties.

9. Outside Interests Including Directorships

9.1. It is accepted and acknowledged that you may have business interests other than those of the Company. You are requested to contact the company secretary as soon as possible to arrange for the disclosures of your interests, direct or indirect as a shareholder, director, partner or owner of other companies, body corporate, firms or other entities as required under the Companies Act, 2013 read with rules framed there under, as may be amended from time to time.

9.2. The Board of the Company, on the basis of certificate of independence submitted by you, has determined you to be independent according to Section 149 and Schedule IV of the Companies Act, 2013.

9.3. Please ensure that the Company is kept informed of any changes to your interests from time to time.

9.4. In the event that you become aware of any further potential or actual conflicts of interest, these should be disclosed to the company secretary as soon as they become apparent.

9.5. You will disclose any direct or indirect interest which you may have in any matter being considered at a board meeting or committee meeting and, save as permitted under the articles of association, applicable provisions of the Companies Act 2013 read with the rules framed there under, you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest.

10. Shareholdings by Directors in the Company

10.1. Directors when buying or selling shares are expected to strictly observe the provisions of the Company's articles of association, the Company's own internal rules including the "Code of Conducts" framed by Company and all relevant legislative and regulatory procedures including, in particular, stock exchange listing requirements.

11. Directors and Officers Liability Insurance

11.1. The Company provides all its directors with, and pays the premiums for, Directors and Officers Liability insurance cover, while acting in their capacities as directors.

11.2. You may obtain a copy of the relevant policy from the company secretary and satisfy yourself as to the suitability and extent of the cover.

12. Confidentiality

12.1. All information acquired during your appointment is confidential to the Company and should not be be released, communicated, nor disclosed either during your appointment or following the expiry of your term or vacation (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman/ Company Secretary.

12.2. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.

12.3. You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions.

13. Changes in personal details

13.1. You shall advise the company secretary promptly of any change in address or other personal contact details.

14. Return of property

14.1. Upon termination of your appointment with the Company (for whatever cause), you shall deliver to the Company all documents, records, papers or other company property which may be in your possession or under your control, and which relate in any way to the business affairs of the Company, and you shall not retain any copies thereof.

15. Data protection

15.1. By signing this letter, you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data or information (as defined in the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011) as applicable, information relating to:

(i) password;
(ii) financial information such as Bank account or credit card or debit card or other payment instrument details ;
(iii) physical, physiological and mental health condition;
(iv) sexual orientation;
(v) medical records and history;
(vi) Biometric information;
(vii) any detail relating to the above clauses as provided to body corporate for providing service; and
(viii) any of the information received under above clauses by body corporate for processing, stored or processed under lawful contract or otherwise.

15.2. You acknowledge that any information that is freely available or accessible in public domain or furnished under the Right to Information Act, 2005 or any other law for the time being in force shall not be regarded as sensitive personal data or information for the purposes of those rules.

15.3. You consent to the transfer of such personal information to other offices the Company may have or to other third parties, whether or not outside the Union of India, for administration purposes and other purposes in connection with your appointment, where it is necessary or desirable for the Company to do so.

16. Law

16.1. Your engagement with the Company is governed by and shall be construed and interpreted in accordance with the laws of India and your engagement shall be subject to the jurisdiction of the courts of Hyderabad, India.