

## Regd. & Corp. Office

L-4, MIDC, Industrial Area  
Waluj, Aurangabad 431 136  
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Email [varroc.info@varroc.com](mailto:varroc.info@varroc.com)  
Website [www.varrocgroupp.com](http://www.varrocgroupp.com)  
CIN L28920MH1988PLC047335

## LETTER OF APPOINTMENT OF INDEPENDENT DIRECTOR

<Date>

**To,**

<Name & Address>

**Re: Your appointment as an Independent Director of the Company**

Dear <Name of Director >,

**Sub.: Appointment as Independent Director**

On behalf of the Company, I thank you for your confirmation to Varroc Engineering Limited ("the Company") that you meet the criteria for independence as expected of an Independent Director under section 149(6) of the Companies Act 2013 ("Act"). Your appointment is subject to approval of the shareholders at the General Meeting.

As required under the Act, this letter sets out terms of your appointment as Independent Director of the Company. Your relationship with the Company will be that of an office holder and not of a contract for employment in the Company.

### **A. Preliminary**

Your appointment is subject to the following:

1. During your tenure as an Independent Director, you will have to submit a declaration at the beginning of every financial year under Section 149(7) of the Act stating that you meet the criteria of independence.
2. So long as you are an Independent Director of the Company, the number of companies in which you hold office as a Director or a chairman or committee member will not exceed the limit stipulated under the Act.
3. So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
4. You will ensure compliance with other provisions of the Act as applicable to you as an Independent Director.

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## B. Term

1. Your appointment will be for a term of 5 (Five) years commencing from \_\_\_\_, 201\_ to \_\_\_\_, 20\_ and shall unless terminated earlier or extended as per the provisions of applicable law, ("Term") or by mutual consent.
2. As an Independent Director you will not be liable to retire by rotation.
3. Re-appointment at the end of the term will be based on the recommendation of the Nomination & Remuneration Committee and will be subject to the approval of the Board of Directors and Shareholders of the Company. Your appointment will be subject to the outcome of the performance evaluation process and you continuing to meet the independence criteria.

## C. Committees

1. You may be appointed on such Committees of the Board of Directors of the Company as may be determined by the Board from time-to-time. Accordingly, you may be required to serve on Committees of the Board.
2. The mandates of the Committees, that you may be appointed on, shall be intimated to you promptly.

## D. Code of Conduct and Duties and Responsibilities

1. You will be required to abide by the Code for Independent Directors as including the guidelines of professional conduct, role, function and duties as an Independent Directors provided in Schedule IV of the Act.
2. You will be required to observe, in letter and spirit, the duties of directors as stipulated in relevant sections of the Companies Act, 2013 ('Act') and the relevant Rules prescribed thereunder, in particular, as stipulated in section 166 of the Act.
3. You will strive to avoid the occurrence of any events specified under section 167 of the Act, which would result in vacation of office as Director. You will also strive to avoid incurring any of the disqualifications mentioned in section 164 of the Act. In the unfortunate event of such events / disqualifications getting attracted, you will immediately inform the Company.
4. You will be required to observe the Code of Conduct for Directors of the Company or any other Code as may be applicable / formulated from time to time.

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5. You are expected to stay updated on how best to discharge your roles, responsibilities and duties and liabilities, as an Independent Director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.
6. You are expected to:
  - i. take decisions objectively and solely in the interest of the Company;
  - ii. facilitate Company's adherence to high standards of ethics and corporate behaviour;
  - iii. guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes required, if any;
  - iv. guide the Board in monitoring and managing potential conflicts of interest between Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions.
  - v. guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
  - vi. provide guidance in your area of expertise.

## E. Performance Evaluation

Your re-appointment or extension of the term of your appointment and your remuneration will be recommended by the Nomination & Remuneration Committee of the Board, pursuant to a performance evaluation carried out by the Board.

## F. Remuneration

1. Your annual remuneration will be as under:
  - a. sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time; and
  - b. commission, if any, that may be determined by the Board and approved by the shareholders of the Company, payable at the end of each financial year based on the performance of the Company and your performance evaluated by the Board of Directors.

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2. You will be entitled to reimbursement of expenses incurred by you in connection with attending the Board Meetings, Board Committee Meetings, General Meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of pocket expenses.
3. As per the provisions of the Act, you will not be entitled to any stock options.
4. All payments during this appointment are subject to applicable deductions under the Income Tax Act, 1961.

## G. Training

You will be entitled to the benefit of an appropriate training program to familiarize yourself with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company operates, its goals and expectations and long-term plans and objectives.

## H. Termination

1. Your directorship in the Company shall terminate or cease in accordance with applicable laws.
2. You may resign from the Board by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take place from the date on which the notice is received by the Company or the date specified in your notice, whichever is later.
3. If at any stage during the Term there is a change that may affect your status as Independent Director as envisaged in section 149(6) of the Act, you shall promptly submit your resignation to the Company with effect from the date of such a change.

## I. Confidentiality

You will have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal, financial, technical, commercial, marketing and business-related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), (**“Confidential Information”**).

You shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.

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If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

### **J. Independence and Interests**

In the event that you become aware of any potential or actual conflicts of interest, it should be disclosed as soon as it becomes apparent and agreement of the Board may have to be sought.

You would continue to maintain the qualifications stipulated under the Act and SEBI Regulations as may be applicable from time to time.

### **K. Acceptance of Appointment**

We are confident that the Board and the Company shall benefit immensely from your rich experience. Please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your continued support and commitment to the Company.

**For Varroc Engineering Limited**

\_\_\_\_\_  
**Chairman**

I Accept:

\_\_\_\_\_  
**(Name of Independent Director)**