



PRECISION ELECTRONICS LIMITED

Terms and conditions of appointment of Independent Directors

1. Introduction

The terms and Conditions of the appointment of Independent Directors, which shall, in any event be subject to the provisions of the Companies Act, 2013, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘the Listing Regulations’**) and the Articles of Association of the Company, are set out below.

2. Appointment

- a) In compliance with provisions of Section 149(13) of the Companies Act, 2013, the directorship of Independent Director is not subject to retirement by rotation.
- b) Notwithstanding other provisions of this Letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) or any other law applicable to the Company from time to time or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013.
- c) Upon termination or upon the resignation of an Independent Director for any reason, duly intimated to the Company, they will not be entitled to any compensation for loss of office.

3. Time Commitment

- a) The Independent Directors are expected to bring objectivity and independence of view to the Board’s discussions and to help provide the Board with effective leadership in relation to the Company’s strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. They are expected to attend Board Meeting and Board Committees Meetings to which they may be appointed and Shareholders meetings and to devote such time to their duties, as appropriate for them to discharge their duties effectively.
- b) By accepting this appointment, they confirm that they are able to allocate sufficient time to meet the expectations from their role to the satisfaction of the Board.

4. Role and Duties

- a) The role and duties will be those normally required of an Independent Director under the Companies Act, 2013, or any other law applicable to the Company, from time to time. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are as under. The Independent Directors shall also abide by the “Code for Independent Directors” as laid down in Schedule IV of the Companies Act, 2013 or any other law applicable to the Company, from time to time.
- a. They shall act in accordance with the Company’s Articles of Association as may be amended from time to time.
- b. They 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 interest of the Company, its employees, the shareholders, the Community, and for the protection of the environment.

- c. They shall discharge their duties with due and reasonable care, skill, and diligence and shall exercise independent judgment.
- d. They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- e. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners, or associates.
- f. They shall not assign their office as Director, and any assignment so made shall be void.

5. Status of Appointment

- a) The Independent Directors will not be an employee of the Company, and this letter shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board from time to time, if required.
- b) The Independent Directors will have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company.

6. Reimbursement of Expenses

In addition to the remuneration described above, the Company will, for the period of their appointment, reimburse them for legitimate travel, hotel and other incidental expenses incurred by them in the performance of their role and duties.

7. Conflict of Interest

- a) It is accepted and acknowledged that the Independent Directors may have business interests other than those of the Company. As a condition to their appointment commencing, the Independent Directors are required to declare any such directorships, appointments, and interests to the Board in writing in the prescribed form at the time of their appointment and also about the changes that may happen from time to time.
- b) In the event of any change in the circumstances that might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment about the independence of the director, such change should be disclosed to the Board.

8. Evaluation

As a member of the Board, the Independent Director's performance as well as the performance of the Board as a whole and its Committees shall be evaluated annually. Evaluation of the performance of each Director shall be done by all other Directors. Their appointment and reappointment on the Board shall be subject to the outcome of the yearly evaluation process.

9. Disclosure of Interest

Any material interest that a director may have in any transaction or arrangement that the Company has entered into should be disclosed not later than when the transaction

or arrangement comes up at a Board meeting so that the minutes may record their interest appropriately and our records are updated. A general notice that the Independent Directors are interested in any contracts with a particular person, firm or company is acceptable. During their appointment, they agree to promptly provide an annual declaration under Section 149(7) of the Companies Act, 2013 or any other law applicable to the Company from time to time, regarding status of their independence and also upon change in circumstances which may affect their status as an Independent Director in terms of the Section 149 (7) of the Companies Act, 2013 or any other law applicable to the Company from time to time.

10. Code of Conduct

During the appointment, the Independent Directors are requested to comply with regulations as contained in Schedule IV under the Companies Act, 2013, or any other law applicable to the Company, from time to time.

11. Confidentiality

All information acquired during the appointment of Independent Directors is confidential to the Company and should not be released, either during their appointment or following termination (by whatever means), to third parties without prior clearance from the Board unless required by law or by the rules of any stock exchange or regulatory body. In such a case, the Independent Directors will promptly inform to the Board about such disclosure before it is made to any third party. On reasonable request, the Independent Directors shall surrender any documents and other materials made available to them by the Company.

12. Membership of Committees

The Board of Directors may appoint the Independent Directors as Member/Chairperson of one or more of its committees, which will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

13. Termination

- a) The Independent Directors may resign from their position at any time, and they should serve a reasonable written notice on the Board.
- b) The appointment of the Independent Director is contingent on their getting elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the shareholders do not re-elect them at any time.
- c) Their appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company or Companies Act, 2013, as applicable, from time to time in force.