



AIPL/2014-15

02.03.2015

To,  
Shri Arun Goyal  
H. No. 105-F,  
Rishi Nagar,  
Block-E,  
Ludhiana-141001

**SUB : APPOINTMENT AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

Dear Sir,

We are pleased to appoint you as an Independent Director of the Company on the following Terms and Conditions and this Letter of Appointment is being issued to confirm your appointment as an Independent Director to the Board of Avon Ispat & Power Limited and to set out the terms and conditions governing your appointment :

**TERMS OF APPOINTMENTS:**

You are appointed for a term of 5 years commencing from 02.03.2015 pursuant to Section 149 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 and during this period you shall not be liable to retire by rotation.

You may cease to hold the office of an Independent Director by :

- a. Giving written notice of resignation to the Company as well as to the Ministry of Company Affairs; or
- b. On completion of your term of office or
- c. On the happening of an event mentioned in the Companies Act, 2013 or in the Articles of Association of the Company that results in vacation of office of a director; or
- d. Your removal pursuant to the provisions of the Companies Act, 2013.

**EXPECTATION OF THE BOARD OF DIRECTORS :**

You will act as an Independent Director in the meetings of the Board of Directors, Corporate Social Responsibility Committee, Audit Committee and a Nomination and Remuneration Committee and any other Committee or Sub-Committee constituted or to be constituted pursuant to the provisions of the Companies Act, 2013 and rules made thereunder and shall ensure compliances thereof. You shall establish a vigil mechanism for directors and employees to report their genuine concerns or grievances. You are expected to attend the scheduled Board



# **AVON Ispat & Power Limited**

(Formerly Avery Cycle Industries Limited)



**REGD. OFFICE :** G.T. Road, Dhandari Kalan, Ludhiana - 141 003, INDIA Tel. : 91 - 161 - 2511482 to 88  
Fax : 2511489 & 90, CIN No.U35921PB1968PLC002754 E-mail : info@avonispac.com Website : www.avonispac.com

Meetings, committee meetings of the Board of Directors, the annual general meeting and general meeting(s) as and when the same are held.

As an Independent Director, you shall :

- 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;
- h. Where circumstances arise which make an independent director lose his independence, you must immediately inform the Board accordingly;
- i. Assist the Company in implementing the best corporate governance practices.

As an Independent Director you shall strive to remain present in at least one meeting per year without the attendance of non-independent directors and members of management, inter-alia, for the purpose of :

- (a) Reviewing the performance of non-independent directors and the Board as a whole;
- (b) Reviewing the performance of the Chairperson of the Company, taking into account the views of Executive directors and non-executive directors;
- (c) Assessing 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.



**B. Your role in the Company is expected to :**

- a. 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;
- b. Bring an objective view in the evaluation of the performance of Board and management;
- c. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d. Satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. Safeguard the interests of all stakeholders, particularly the minority of shareholders;
- f. Balance the conflicting interest of the stakeholders;
- g. 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 managements;
- h. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

**FIDUCIARY DUTIES ALONGWITH ACCOMPANYING LIABILITIES:**

As an Independent director you shall:

- a. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
- b. 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;
- c. Strive to attend all meetings of the Board of Directors and of the Board Committees of which you are a member;



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- d. Participate constructively and actively in the committees of the Board in which you are chairpersons or members;
- e. Strive to attend the general meetings of the Company;
- f. 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 your concerns are recorded in the minutes of the Board meeting;
- g. Keep yourself well informed about the Company and the external environment in which it operates;
- h. Not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- i. 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;
- j. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of person who uses such mechanism are not prejudicially affected on account of such use;
- k. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. 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.

## **Liabilities :**

As an Independent Director you may be held liable for the default for a particular provision of the Companies Act, 2013 if such violation has occurred with your knowledge, attributable through Board process, with your consent or connivance or where you have not acted diligently.

## **PROVISION FOR DIRECTORS INSURANCE, IF ANY:**



None

**CODE OF BUSINESS ETHICS THAT THE COMPANY EXPECTS FROM ITS DIRECTORS :**

**The code of Conduct and Business Ethics for Directors is attached marked Annexure**

**LIST OF ACTION THAT A DIRECTOR SHOULD NOT DO WHILE FUNCTIONING AS SUCH IN THE COMPANY :**

During the period you remain as an Independent director neither you nor any of your relative :

1. Shall hold the position of a key managerial personnel or become an employee of the Company or its holding, subsidiary or associate Company;
2. Become an employee or proprietor or a partner of
  - (a) A firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
  - (b) Any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
- (3) 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;
- (4) Refrain from any action that would lead to loss of your independence as per provisions of the Companies Act, 2013;
- (5) Not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- (6) 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;

**REMUNERATION, REIMBURSEMENT OF EXPENSES FOR PARTICIPATION IN THE BOARDS AND OTHER MEETINGS AND PROFIT RELATED COMMISSION:**



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You will be paid commission at the rate of 0.25% of the Net Profit of the Company proportionately for the period of appointment during a particular year inclusive of all expenses and sitting fees for participation in/attending the meeting of the Boards of Directors and all Committees Meetings thereof, to be held from time to time, and the Net Profit of the Company for this purpose will be calculated as per Sections 197/198 of the Companies Act, 1913.

### **Publication of Letter**

**Your this letter of appointment will be open for inspection by any member and the Company will also be posted on the Company's website**

Please sign at the space provided below as acknowledgement of having received this Letter of Appointment and in token of your confirmation of the contents hereof.

Thanking you.

Very truly yours  
For Avon Ispat & Power Limited

Sd/-  
(Harcharan Singh Pahwa)  
Director  
DIN : 00570167

I confirm receipt of the Letter and  
Accept the terms of appointment

Sd/-  
Arun Goyal  
DIN : 00009034