

Date : \_\_\_\_\_

To,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Sub:* Appointment of an Independent Director.

I am pleased to inform you that on behalf of the Board of Quick Heal Technologies Ltd. you are being appointed as an independent director of the Company ('Independent Director'). This letter sets out the terms of your appointment. You are required to adhere with the relevant provision of Company Act, 2013.

***Appointment:***

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board for 5 years up to the conclusion of the 25th Annual General Meeting of the Company to be held in the year 2020.

***Board committees:***

The Board may invite you for being appointed on one or more of the existing board committees. Currently, we intend to make: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and IPO Committee.

You have been currently nominated to serve as chairman on \_\_\_\_\_ Committee.

***Professional Conduct:***

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 may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement 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 could lead to a loss of your independence;
- h. ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly; and
- i. assist the Company in implementing the best corporate governance practices.

***Functions, Responsibilities and Duties of Directors.***

## **Functions**

- a. To review the Company's strategy, the annual financial plan and monitor the Company's performance:

The primary role of the members of the Board is to exercise their business judgment to act in what they believe to be the best interests of the Company and its shareholders. It is the duty of the Directors to ensure that the Management performs with competence and values to achieve the objectives of the Company. In the quarterly meeting of the Board, updates will be provided on the business, financial and business-enabler functions and discussions on such updates. The Audit Committee of the Board will review the Company's financials and recommend the same to the Board for its acceptance. The Board will monitor the Company's performance against its annual financial plan at its quarterly meetings as well as at the end of the financial year.

- b. To review management performance and compensation:

The Nominations and Remuneration Committee of the Board will evaluate the performance of the executive officers of the Company and recommend their compensation for the ensuing year to the Board. Such compensation may include stocks, options and variable pay.

- c. To review and decide on succession planning of executive officers of the Company:

The Nominations and Remuneration Committee of the Board will work with the Board to develop an orderly plan for the succession of leadership of the Board and the executive officers of Company. The committee will develop contingency plans for succession in the case of exigencies.

- d. To advice and counsel the Management:

The Board will be composed of individuals whose knowledge, background, experience and judgment are valuable to the Company. They will also be capable of providing advice to the executive officers of the Company. Members of the Board will have full access to the Management (executive officers) and other employees as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of the Management.

- e. To monitor and manage potential conflicts of interests of the Management:

The Audit Committee of the Board will review and shall approve related party transactions, as required under the applicable laws and / or the rules of the Indian stock exchanges or any government agencies applicable to the Company.

- f. To oversee and ensure the integrity of financial information and legal compliance:

The Audit Committee of the Board will oversee the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in the overseeing of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, and (4) the Company's internal accounting and financial controls.

## **Responsibilities**

Independent directors will have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, will collectively be responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

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

In addition to the criteria mentioned in the previous sections for the induction of directors, the role of independent directors also includes tracking, reviewing and providing feedback on:

1. Strategy: Independent directors to constructively contribute to the development of the Company strategy;
2. Performance: Independent directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
3. Risk: Independent directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
4. People: Independent directors responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. Will also have a prime role in appointing, and, where necessary, removing senior management.
5. Stakeholders: Independent directors to balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

### **Duties**

As an Independent Director, you shall:

- a. undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- b. seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts;
- c. strive to attend every meeting of the Board and of the Board committees of which you are a member;
- d. actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- e. strive to attend the general meetings of the Company;
- f. ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- g. keep yourself well informed about the Company and the external environment in which it operates;
- h. not unfairly obstruct the functioning of an otherwise proper Board or committee;
- i. ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- j. ensure that the whistleblower function of the Company is functioning adequately;
- k. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- l. within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

### ***Evaluation:***

Performance is assessed based on agreed objectives. Independent Directors have three key roles – Governance, Control and Guidance. Some of the performance indicators based on which the Independent Directors are evaluated are:

- a. Ability to contribute to and monitor the Company's corporate governance practices;
- b. Ability to contribute by introducing proven best practices to address top-management issues;
- c. Active participation in long-term strategic planning;
- d. Commitment to the fulfilment of director's obligations; and
- e. Fiduciary responsibilities.

**Remuneration & Expenses:**

1. An Independent Directors may receive remuneration by way of sitting fee for attending meetings of the Board or Committee of Rs.15,000/- per day attended.
2. An Independent Directors will be entitled to commission of profits as recommended by the Chairman of Board. The total compensation payable to the entire group of independent directors is limited to a fixed amount per year recommended by the Chairman of Board. This amount will be as per the provisions of the Companies Act, 2013. The criteria for payment of remuneration to independent directors are as follows:

- a. Years of relevant experience.
- b. Attendance at the planned Board meetings\* and Committee meetings.
- c. Contributions made to successfully address issues and increase efficiency of the Company.
- d. Drive to address audit findings. (For audit committee members)

*\* The Company intends to have five regular Board meetings in a year. Independent directors are expected to attend four quarterly Board meetings and the annual general meeting (AGM).*

3. In addition to the sitting fee, the Company will, for the period of appointment as Independent Director, reimburse the Independent Director for travel, hotel and other incidental expenses incurred by him in performance of his role and duties.
  - a. Business class (for domestic travel) airfare from the normal place of residence to the place of the Board or committee meetings and back to their normal place of residence.
  - b. Accommodation at any hotel as determined by the Company for the duration of Board and committee meetings, and during the day prior to and after such meetings.
  - c. Out-of-pocket expenses, like conveyance, food, and incidentals that are incurred during the days of the Board and committee meetings.

**Other Directorships & Committees:**

As per the Company Act 2013, a director shall not act as director of more than 10 public limited companies and 10 private limited companies at the same time. A director will serve in committees as a Chairman maximum 5 committees and as a Member maximum 10 committees. It is also expected that any director of the Company will not serve on the boards of competing companies. Apart from the applicable law, regulations and good corporate governance practices, there are no additional limitations.

**Disclosure of Interest:**

It is expected that any interest you may have in any transaction or arrangement that the Company has entered into should be disclosed no later than when the transaction or arrangement comes up at a board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable. Event based and Annual Disclosures & Notices pursuant to the Companies Act, 2013 and Listing Agreement shall also be given to the Company within the stipulated time.

**Confidentiality:**

All information acquired during the appointment as a director of the Company is confidential to the Company and should not be released, either during the appointment as Independent Director or following termination (by whatever means) to third parties without prior clearance from Chairman.

**D&O Insurance:**

The Company maintains a Directors and Officers Insurance policy (D&O policy) to pay for the personal liability of directors and officers for claims made against them while serving on the Board and / or as an officer of the Company.

**Information on Meetings:**

1. Scheduling and selection of agenda items for Board meetings

Dates for the Board meeting for the ensuing year are decided in advance. the Board meetings will generally be held at the Company's Registered Office. The Chairman of the Board, CEO and the Company Secretary, in consultation with the Chief Financial Officer (CFO) or General Counsel, will draft the agenda for each meeting, along with explanatory notes, and distribute it in advance to the Board members. Every Board member is free to suggest the inclusion of items on the agenda. The Board should meet once a quarter to review the quarterly results and other items on the agenda. The Board will also meet during the annual shareholders' meeting. Additional meetings are held based on need.

If it is not possible for any director to attend the meeting physically, the Company shall provide video / teleconference facilities to facilitate participation.

2. Availability of information to the Board

The Board will have full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board may invite managers of the Company when additional details into the items being discussed are required.

3. Independent directors' discussion

Once in a calendar year the Board will encourage to have "Independent Directors only" meeting so that they can have a full and frank discussion on the performance of the Company, risks faced by the Company, and the performance of executive members of the Board including the chairperson. The Lead Independent Director presides over such meetings and may invite the chairman, any executive director and any senior management personnel to make presentations on relevant issues.

4. Annual Strategy Meeting (ASM)

The Annual Strategy Meeting is a key event in the Company's planning process. The objective of this meeting is to deliberate on the Company's strategy, improvements and prioritization's, and to debate and accept the annual financial and operational plans for the ensuing year. The meeting will be planned in January/February.

The series of events to occur between October and February to plan for ASM are as below:

Initiation of the discussion by CEO and start of annual financial and operational plans	September
Approval of the financial and operational plan	15th December
Finalisation of ASM agenda	November - December
Annual Strategy Meeting with the Board	January or February

During this event, there are sessions dedicated to various strategic issues affecting sales, product development, new product planning.

Through this process, members of the Board will get a comprehensive and balanced perspective on the strategic issues faced by the Company, the competitive differentiation being pursued by the Company and an overview of the execution plan.

***Dealing in shares and Code of Conduct:***

Directors are prohibited from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell/gift) from the CEO of the Company or the Compliance Officer. You are required to comply with the applicable insider trading laws and regulations. You are also required to comply with the Company's Code of Conduct and Ethics, enclosed with this letter of appointment.

***Corporate Calendar:***

The corporate calendar and the Board meeting dates shall be intimated in at the beginning of the year.

***Trading window closure:***

The Company shall specify a trading period, to be called "trading window", for trading in the Company's securities. When the trading window is closed the directors shall not trade in the Company's securities in such period.

The trading window shall be closed during the following time periods when the information is unpublished:

- a. Declaration of financial results (quarterly, half-yearly and annually);
- b. Declaration of dividends (interim and final);
- c. Issue of securities by way of public/rights/bonus etc.;
- d. Any major expansion plans or execution of new projects;
- e. Amalgamations, mergers, takeovers and buy-back;
- f. Disposal of whole or substantially whole of the undertaking;
- g. Any changes in policies, plans or operations of the Company.

The Company shall decide the time for commencement of closing of trading window. The trading window shall be opened 48 hours after the information referred to above is made public.

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

***Terms:***

Subject to applicable law, independent directors are eligible to serve for a period of two terms of 5 years each or up to the age of retirement 75 years whichever is earlier.

***Termination:***

- a. Any director may resign from their position at any time if they wish so. You are requested to serve a reasonable written notice to the Board.
- b. Continuation of the appointment as Independent Director is contingent on the Independent Director getting re-elected by the shareholders in accordance with the provisions of the Act and the Articles of Association of the Company, from time to time, in force.
- c. Any Directors appointment may also be terminated in accordance with the provisions of the Act and the Articles of Association of the Company, from time to time, in force.

As an acceptance of the terms of appointment as an Independent Director, please sign the attached copy of this letter acknowledging the terms and conditions of your appointment as an Independent Director and return it to the Company Secretary.

**Yours faithfully,  
For Quick Heal Technologies Ltd.**

***Kailash Katkar  
Managing Director & CEO***

*Acknowledgment:*

I \_\_\_\_\_ have read, understood and accept the terms and conditions of my appointment as an Independent Director of the Company.

Signature