

SPECIMEN OF AGREEMENT FOR APPOINTMENT OF MANAGING DIRECTOR

THIS AGREEMENT made this the day of 2006, between NPL Ltd., a company incorporated under the Companies Act, 1956 (hereinafter called as "the Company") and having its Registered office at 111, Tilak Nagar, Indore (M.P.) of the first part and Shri ABC S/o Shri XYZ R/o 204 Bijali Nagar, Indore (M.P.) a director of the company (hereinafter called "the managing director") of the second part.

WHEREAS Shri ABC satisfies the conditions specified in Part I of Schedule XIII to the Companies Act, 1956, and other relevant provisions of the Act;

WHEREAS the Board of directors of the company has at its meeting held on xx.xx.xxxx appointed Shri ABC as Managing Director of the company for a period of five years from xx.xx.xxxx on the terms and conditions and subject to the remuneration approved by the Board of directors and set out hereunder, and WHEREAS Shri ABC has accepted the said terms and conditions of the appointment.

Now it is hereby agreed by and between the parties hereto as follows:—

1. Shri ABC has been appointed as the Managing Director of the company with effect from 1st August, 2006 for a period of five years.
2. The Managing Director shall exercise and perform such powers and duties as the Board of directors of the company (hereinafter called "the Board") shall, from time to time, determine, and subject to any directions and restrictions, from time to time, given and imposed by the Board and further subject to the superintendence, control and direction of the Board, he shall have the general control, management and superintendence of the business of the company with power to appoint and to dismiss employees and to enter into contracts on behalf of the company in the ordinary course of business and to do and perform all other acts, deeds, and things, which in the ordinary course of business, he may consider necessary or proper or in the interest of the company, provided however, that nothing shall be done by the managing director which by the Act or the articles of the company shall be transacted at a meeting of the Board by resolution or which shall not be effective unless approved by the Board or which are not expressly provided.
3. Without prejudice to the generality of the power vested in the managing director hereinabove the Managing Director shall be entitled to exercise the following powers:—
 - (i) With the Board's approval, together with the person in charge of finance for the time being of the company and other personnel authorised by the Board, to open and operate any banking or other account and to draw, make, accept, execute, endorse, discount, negotiate, retire, pay, satisfy and assign cheques,

drafts, bills of exchange, promissory notes, hundis, interest and dividend warrants and other negotiable or transferable instruments or securities.

- (ii) To borrow moneys with or without security, for the purpose of business of the company, subject of course to the approvals of the company as required under section 293(1)(d) of the Companies Act and approval of the Board of directors of the company as required under section 292 of the said Act and subject further to such maximum limit as the Board may impose from time to time while giving its approval.
- (iii) To incur capital expenditure upto a sum of Rs. 1.00 Crore during any financial year.
- (iv) To invest funds of the company (other than in the shares of the other companies covered by section 372A of the Act) and fixed deposit with the company's bankers.
- (v) To appoint distributors for the sale of the products of the company subject to prior approval of the Board whenever necessary.
- (vi) To ensure that all taxes due to the Central and State Governments and Municipal authorities are paid promptly.
- (vii) To engage persons in the employment of the company.
- (viii) To increase the salary or remuneration of any employee of the company and to sanction annual increases.
- (ix) To enter into contracts for the purchase of goods for the company subject to prior approval of the Board of directors in term of sections 297 and 299 of the Companies Act, 1956, wherever necessary.
- (x) To institute, prosecute, defend, oppose, appear or appeal to, compromise, refer to arbitration, abandon and execution, become non-suited in any legal proceedings including trade marks, trade names, trade property and passing off actions and revenue proceedings relating to customs or excise duties, tax on income, profits and capital and taxation generally or otherwise.

4. The Managing Director shall throughout the said term, devote his entire time, attention and abilities to the business of the company and shall carry out the orders, from time to time, of the Board and in all respect conform to and comply with the directions and regulations made by the Board, and shall faithfully serve the company and use his utmost endeavors to promote the interests of the company.

5. The company shall pay to the Managing Director during the continuance of this agreement in consideration of the performance of his duties:—

- (1) Salary at the rate of Rs. 2,00,000 (Rupees Two Lakhs only) per month;
- (2) Commission not exceeding 1% of the net profit of the company subject to Rs. 12 Lakhs per annum.
- (3) The Managing Director shall be entitled to the following perquisites and facilities:

3.1 Perquisites

I. Housing: The expenditure to the company on hiring furnished accommodation shall not exceed 60% of the salary. In case the Managing Director is provided accommodations owned by the company, he will pay 10% of his salary towards house rent.

II. Gas, Electricity, Water and Furnishings: Besides house as mentioned above, the expenditure on gas, electricity, water and furnishing will be borne by the company and the market value will be evaluated as per Income-tax Rules, 1962.

III. Medical Reimbursement: Medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

IV. Club Fees: Fees of two clubs subject to a maximum of two clubs excluding admission and life membership fees.

V. Annual Leave: 30 days annual leave with pay for every completed service of eleven months.

VI. Leave Travel Concession: For self and family once a year in accordance with the rules of the company.

VII. Personal Accident Insurance: The annual premium on a policy shall not exceed Rs. 10,000.

VIII. Provident fund and superannuation:

A. Company's contribution towards provident fund as per rules of the company, but not exceeding 10% of salary and company's contribution towards superannuation fund which shall not, together with the company's contribution to provident fund, exceed 25%.

B. Gratuity payable at the rate of half month's salary for each completed year of service with a service of six months or more being treated as a full year.

C. Encashment of leave at the end of tenure.

IX-A. Car with driver: The managing director will be provided with a car and driver for use on company's business. Use of car for private purpose will be billed by the company.

B. Telephone: Free telephone at his residence; Personal long distance calls will be billed to the managing director.

The provision of car for official use and telephone at residence will not be considered as perquisite.

X. The company shall reimburse actual entertainment and traveling expenses incurred by the managing director in connection with the company's business.

In the event of inadequacy or absence of profits during the duration of the agreement, the managing director shall be entitled to the remuneration herein provided but

without commission and where applicable the same shall be subject to the approval of the Central Government.

6. The Managing Director shall not, during the period of his employment and without the previous consent in writing of the Board, engage or interest himself either directly or indirectly in the business or affairs of any other person, firm, company, body corporate or in any undertaking or business of a nature similar to or competing with the company's business and further, shall not, in any manner, whether directly or indirectly use, apply or utilise his knowledge or experience for or in the interest of any such person, firm, company or body corporate as aforesaid or any such competing undertaking or business as aforesaid.
7. The Managing Director shall not, during the continuance of his employment with the company, divulge or disclose to any person, firm, company or body corporate whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or as to any trade secrets or secret processes of the company and the managing director shall, during the continuance of his employment hereunder, also use his best endeavors to prevent any other person, firm, company or body corporate concerned from doing so.
8. Either party shall terminate this agreement by giving to the other advance notice of three months, provided that the company may waive the notice by giving in cash the remuneration for three months which the managing director would have received had he remained in office for the said three months.
9. The Managing Director shall, from time to time, during his employment hereunder fully disclose to the company the progress of investigations and of any discoveries he may make himself or in conjunction with other officials or non-officials with regard to any improvement, invention or discovery arising out of or in connection with the said employment, he shall forthwith disclose to the company a full and complete description of the nature of said improvement, invention or discovery and the mode of performing the same.

10. This agreement and the terms and conditions hereof shall be subject to the approval of the shareholders of the company in general meeting and also of the Central Government under the relevant provisions of the Companies Act, 1956 if necessary.

IN WITNESS WHEREOF, the parties hereto have set their hands on the day, month and the year above written.

For and on behalf of the company,

(.....) (Name of Managing Director)

Chairman

Witness: 1