

ASSOCIATED FINMAN LIMITED

TERMS AND CONDITIONS FOR THE APPOINTMENT FOR INDEPENDENT DIRECTORS

1. Appointment

- a. The Independent Directors will be appointed as a Non-Executive Independent Director on the Board of Directors of ASSOCIATED FINMAN LIMITED (hereinafter referred to as “the Company”).
The exiting Independent Directors as on the Board of Directors of the Company as on 31st March, 2014 shall be deemed to be appointed as Independent Directors with effect from 1st April, 2014 under the Companies Act, 2013.
- b. Appointment of the Independent Directors is subject to approval of the Board of Directors and the Shareholders, as per the provisions of the Companies Act, 2013, listing agreement and other applicable provisions.
- c. Their appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the Listing Agreement.
- d. The Independent Director will not be liable to retire by rotation.
- e. The term Independent Director should be construed as defined under the Companies Act, 2013 and the Listing agreement.
- f. The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, subject to the terms of the Board and Shareholder’s resolution passed by the Board/ Shareholders, the Independent Directors will serve for not more than two terms of upto five years each on the Board of the Company. The Company is at liberty to disengage NonExecutive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

2. Role and Duties

The role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- a. They shall act in accordance with the Company’s Articles of Association.
- 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, employees, shareholders, community & for the protection of the environment.
- c. They shall discharge their duties with due and reasonable care, skill and diligence & shall exercise independent judgment.
- d. They should not involve 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 assignments so made shall be void.

3. Status of Appointment

The Independent Director will not be an employee of the Company and this letter shall not constitute a contract of employment.

4. Board Committees

As advised by the Board, during the tenure of office, the Independent Director may be required to serve on one or more of the Committees of the Board established by the Company. Upon any such appointment to any one or more Committees, they will be provided with the appropriate Committee charter which sets out the functions of that Committee.

5. Directors' Fees

- a. The Independent Director 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 and approved by such other persons/Authorities as may be required from time to time.
- b. For the period of their appointment, the Company shall reimburse them for travel, hotel and other incidental expenses incurred by them in the performance of their roles and duties for the Company.
- c. An independent director shall not be entitled to any stock option and shall not be covered by any pension scheme.

6. Code of Conduct

- a. The Independent Director shall adhere to the Code of Conduct for Board Members and Senior Management Personnel, as framed by the Company and amended from time to time.
- b. The Independent Director shall also follow all the provisions of the Code of Conduct as per Schedule IV of the Companies Act, 2013 and other applicable provisions.

7. Conflict of Interest

It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company. As a condition to their appointment commencing, they 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 first board meeting of every financial year or whenever there is any change in such disclosures already made.

8. Confidentiality

All information acquired during the tenure of appointment is confidential to the Company and should not be released, either during the appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange

or regulatory body. On reasonable request, the Independent Director shall surrender any documents and other materials made available to them by the Company.

9. Evaluation

The Company shall have a Board Evaluation process for the evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. The Board shall carry out the evaluation process for the performance of the Board as a whole, Board Committees and Directors. The appointment and re-appointment on the Board for Independent Directors shall be subject to the outcome of the evaluation process.

10. Termination

- a. An Independent Director may resign from his position at any time and should they wish to do so, they are requested to serve a reasonable written notice on the Board.
- b. Continuation of their appointment is contingent on their getting re-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 any 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 Companies Act, 2013, Articles of Association of the Company and other applicable provisions.

11. Liability

Subject to the provisions of the Companies Act, listing agreement and other applicable provisions, being an independent director they shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with their knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently with respect of the provisions contained in the Listing Agreement.

12. Governing Law

This agreement is governed by and will be interpreted in accordance with Indian law and the engagement shall be subject to the jurisdiction of the Indian courts.

Note:

The provisions of the Companies Act, 2013 and rules thereto and Listing Agreement (including any amendment thereto from time to time) to the extent applicable, shall be apply on the appointment of Independent Directors.
