

KHEMANI DISTRIBUTORS & MARKETING LIMITED

(The Terms and Conditions of Appointment of Independent Director shall be subject to the Provisions of Companies Act, 2013 and Article of Association adopted by the Company)

1. Scope:

You may be invited to become a member of one or more Board Committees, existing or that may be set up in future by the Company.

You are expected to provide an unbiased view in the fields of Accounts related consultancy during the discussions of the Board and the committees of the Board you may be nominated in. You are expected to play a leader's role and enable the Board in effective decision making and maintaining high standards of Corporate Governance.

You should devote time for attending Board Meetings and Committee Meetings. Board and Audit Committee Meetings will be held at least four times in a year whereas other committee meetings will be held as and when required. A separate meeting of Independent Directors shall be held once in a year. You may have to travel for attending the Board/Committee Meetings. You are also expected to allocate time for committee meeting preparatory work and ensure that you are in a position to make the necessary overall commitment.

2. Duties and Liabilities:

Your Duties and Liabilities would be as set forth in the Companies Act, 2013 and the Listing Agreement.

- You shall abide by the 'Code for Independent Director' as per Schedule IV of the Companies act, 2013 and Company's "Business Code of Conduct & Ethics" (as amended from time to time). The Code for Independent Directors is annexed hereto as **Annexure A**.
- You are required to declare any directorships, appointments and interests in other Companies, Partnership Firms or Body Corporate to the Board in writing in the prescribed form at the time of your appointment.
- You are required to make disclosure of your interest as per the requirement of Section 184 and of disqualification under Section 164 of the Companies Act, 2013.
- You are also required to make declaration in respect of independence on annual basis and disclose to the Board in case your status as an Independent Director is affected as envisaged in the Companies Act, 2013 or if you fail to meet the criteria for "Independence" under the provision of Clause 49 of the Listing Agreement.
- You shall act in accordance with the Articles of Association of the Company.
- You 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 interests of the Company.
- You shall discharge your duties with due and reasonable care, skill and diligence.

3. Sitting Fees and Reimbursement:

You will be entitled to sitting fees for attending the Board and Committee meetings as may be decided by the Board of Directors and rules and regulations made thereunder and as per the Listing Agreement.

Presently, the sitting fees paid to a Non-executive Independent Director for attending Board Meeting is Rs 2,000/- per meeting and for Committee Meeting it is Rs 1000/- per meeting.

In addition to the sitting fees, you are also entitled to reimbursement of expenses incurred in discharging your duties such as out-of-pocket expenses including conveyance charges, refreshments etc. and hotel

accommodation expenses during the Board/Committee meetings, General Meetings, Court Convened Meetings or Meetings with Creditors.

4. Performance Appraisal:

Your performance evaluation shall be done annually by the board of Directors. The outcome of such evaluation shall determine your appointment or re-appointment on the Board. You will participate in reviewing the performance of non-independent Directors and the board as a whole, performance of the Chairperson and other Independent Directors.

5. Code of Business Conduct & Ethics:

You are required to follow the Company's Code of Business Conduct & Ethics and furnish an annual affirmation of the same.

You will apply the highest standards of confidentiality and not disclose material information of the Company to any person or Company (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company and any group Companies with which you come into contact by virtue of your position as a Director, except as permitted by law or with prior clearance from the Chairman or Compliance Officer.

6. Prohibition of Insider Trading:

You are required to follow the Company's Code of Conduct for Prevention of Insider Trading and the requirements under the Companies Act, 2013 and SEBI Regulations, which inter alia requires that price sensitive information is not used or transmitted and maintained securely.

7. Changes in Personal Details:

During the terms you shall promptly intimate the Compliance Officer and Registrar of Companies in the prescribed manner of any change in address or other contact or personal details provided to the Company.

8. Termination:

Your Directorship on the Board of Director of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in Companies Act, 2013 your Directorship may be terminated for violation of any provision of Company's Code of Conduct as applicable to independent Director or any provision of Articles of Association.

You may resign from Directorship of the Company by giving a notice in writing to the Company stating the reason for resignation and also inform the registrar of Companies (ROC). The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice whichever is later.

If at any stage during the term there is any change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Companies Act, 2013 or if you fail to meet the criteria for "Independence" under the provision of Clause 49 of the Listing Agreement you agree to promptly submit your resignation to the Company with effect from the date of such change.

9. General:

All the terms as mentioned above including your appointment, Sitting fee, professional conduct, role and functions, duties and evaluation shall be governed by the Companies Act, 2013 and rules and regulation made thereunder and Corporate Governance requirement under the Listing Agreement, as amended from time to time.

This letter and any non-contractual obligation arising out of and in connection with this Letter are governed by and shall be construed in accordance with the Laws of India and subject to the exclusive jurisdiction of the Court of India.

Annexure A

Schedule IV of Companies Act, 2013

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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;
- (6) not abuse his 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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) 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;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) balance the conflicting interest of the stakeholders;

(7) 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 management;

(8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

(1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

(2) 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;

(3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

(4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;

(5) strive to attend the general meetings of the company;

(6) where they 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 their concerns are recorded in the minutes of the Board meeting;

(7) keep themselves well informed about the company and the external environment in which it operates;

(8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

(9) 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;

(10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

(11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

(13) 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.