

THE INDIAN CARD CLOTHING COMPANY LIMITED

(CIN : L29261PN1955PLC009579)

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The following directors were appointed as Independent Directors of the Company for a term of five (5) consecutive years in the Sixtieth Annual General Meeting held on July 31, 2014:

Sr. No.	Name of the Independent Director	DIN	Term of Appointment
1)	Mr. H.C. Asher	00024863	Five consecutive years commencing from July 31, 2014.
2)	Mr. J. M. Kothary	00015254	Five consecutive years commencing from July 31, 2014.
3)	Mr. Sudhir Merchant	00033406	Five consecutive years commencing from July 31, 2014.

The terms and conditions given below in respect of appointment these Independent Directors are subject to the applicable provisions of the Companies Act, 2013, rules framed thereunder Clause 49 of the Listing Agreement executed with the Stock Exchanges, as amended from time to time, Articles of Association of the Company and any other applicable laws, rules and regulations as may be applicable for the time being in force:

01. APPOINTMENT AND TERM

The term of appointment of a Non-Executive Independent Director on the Board of Directors (Board) of The Indian Card Clothing Company Limited shall be for an initial term Five (5) years commencing from July 31, 2014 as approved by the members in Sixtieth Annual General Meeting (AGM) unless terminated earlier or extended, as per the provisions of these terms and conditions or applicable laws.

The word "term" should be construed as defined under the Act and the Listing Agreement. The Independent Director shall not be liable to retire by rotation. These terms and conditions for appointment of Independent Directors are consistent with the Act and the Listing Agreement. Re-appointment for the second term shall be based on recommendation of the Nomination & Remuneration Committee and subject to approval of the Board and the Shareholders. The re-appointment would be considered by the Board, based on the outcome of the performance evaluation process and the consistency in meeting the criteria prescribed for Independent Directors.

02. BOARD COMMITTEES

Appointment of Independent Director on Board Committee(s) shall be subject to the applicable regulations. The Independent Director is expected to attend Board Committees Meetings, to which he/she is appointed and to devote such time as may be necessary to discharge his/her duties effectively. Ordinarily all meetings of the Company are held in Mumbai, unless determined otherwise.

Recommendations/Minutes of the Meetings of the Committees are submitted to the Board for approval. By accepting these terms of appointment, the Independent Director confirms that he/she shall allocate sufficient time to meet the expectations from his/her role to the satisfaction of the Board.

03. ROLE, DUTIES AND RESPONSIBILITIES

Role and duties shall be those normally required of a Non-Executive Independent Director under the Act and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non- Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act. In addition to the above requirements, the Independent Director shall also be required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Act, as in force and as may be amended from time to time. Such duties and responsibilities as per Schedule IV are stated as below:

- **Roles and Responsibilities:**

An Independent Director shall –

- 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 themselves 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 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 management;
- h) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

- **Duties:**

An Independent Director shall –

- a) Undertake appropriate induction and regularly update and refresh their 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 the Independent Director is a member;

- d) Participate constructively and actively in the committees of the Board in which the Independent Director is a Chairperson or a member;
- e) Strive to attend the general meetings of the company;
- f) 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;
- g) Keep themselves 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 a person who uses such mechanism are not prejudicially affected on account of such use;
- k) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- l) Acting within his 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.

While performing such duties, roles and functions, the Independent Director shall be required to abide by the 'Guidelines of Professional Conduct' as stated under the said Schedule as mentioned below:

- **Guidelines of Professional Conduct:**

An Independent Director shall –

- a) Uphold ethical standards of integrity and probity;
- b) Act objectively and constructively while exercising his duties;
- c) Exercise his responsibilities in a *bona fide* manner in the interest of the company;
- d) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;

- e) 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;
- f) 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;
- g) Refrain from any action that would lead to loss of his independence;
- h) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i) Assist the company in implementing the best corporate governance practices.

04. DIRECTORS & OFFICERS (D&O) INSURANCE

The Company has D&O liability insurance policy copy of which shall be supplied to the Independent Director on request.

05. CODE OF CONDUCT / EXCLUDED ACTIONS

The Independent Director shall follow the Code of Conduct of the Company and furnish annual affirmation of the same. The Independent Director apply the highest standards of confidentiality and not disclose 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 including any subsidiary or associate thereof with which he/she comes into contact by virtue of his position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

The Independent Director shall not make any statement(s) that might risk a breach of the requirements specified under Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 ("the Regulation") unless the same is required under any law or the same is required for the purpose of compliance of any direction, order, etc. issued/given by any judicial authority. The Regulation prohibits disclosure or use of unpublished price sensitive information.

Additionally, he/she shall not participate in any business activity which might impede the application of his/her independent judgment in the best interest of the Company.

06. INDUCTION AND DEVELOPMENT

The Company shall, if required, conduct formal induction program for its Independent Directors. The Company shall, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business.

07. PERFORMANCE APPRAISAL / EVALUATION PROCESS

As a member of the Board, performance of the Independent Director shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the

Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

08. DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS

During the Term, the Independent Director shall promptly notify the Company of any change in his/her Directorships and provide such other disclosures and information as may be required under the applicable laws. The Independent Director shall also, upon becoming aware of any potential conflict of interest with his/her position as Independent Director of the Company, disclose the same to the Company. The Independent Director shall confirm that on the date of his appointment as Independent Director, no such conflict of interest arises with his/her existing Directorships, if any. He/she shall promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect his/her status as an Independent Director.

09. CHANGES OF PERSONAL DETAILS

During the Term, the Independent Director shall promptly intimate the Company and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

10. REMUNERATION / FEES

The Independent Director shall be paid such remuneration by way of sitting fees for attending the meetings of the Board and the Committees as may be decided by the Board from time to time, subject to approval of the shareholders, if required.

In addition to sitting fees, profit related commission may also be payable to him/her. In determining the amount of this commission, the Remuneration Committee may consider various factors as it deems fit including but not limited to the number of board meetings attended and the meetings of committees in which the director is a member.

Further, the Company may pay or reimburse to him/her such fair and reasonable expenditure, as may have been incurred by him/her while performing his/her role as an Independent Director of the Company.

11. TERMINATION

Directorship of the Independent Director on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, his/her Directorship may be terminated for violation of any provision of the Code of Conduct of the Company. The Independent Director may resign from the Directorship of the Company in the same manner as is provided in Section 168 of the Act by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by him/her in the notice, whichever is later. If, at any stage during the Term, there is a change that may affect his/her status as an Independent Director as envisaged in Section 149(6) of the Act, or if he/she fails to meet the criteria for "independence" under the provisions of Clause 49 of the Listing Agreement, he/she shall promptly submit his/her resignation to the Company with effect from the date of such change.

12. CO-OPERATION

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on the part of the Independent Director during his Term, he/she shall render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

13. GOVERNING LAW

These terms of appointment of the Independent Director are governed by and will be interpreted in accordance with Indian Law. The courts of Pune – India alone, to the exclusion of any other, shall have jurisdiction in this regard.

14. MISCELLANEOUS

- These terms and conditions represent the entire understanding, and constitutes the whole agreement, in relation to the appointment of Independent Director and supersedes any previous agreements, if any, executed between the Company and the Independent Director with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.
- No waiver or modification to these terms and conditions shall be valid unless made in writing and signed by the Independent Director and the Company.

As per Clause 49 of the Listing Agreement, if applicable, these terms and conditions shall be disclosed on the website of the Company.
