

VARDHMAN HOLDINGS LIMITED
Terms & conditions of appointment of Independent directors

Vardhman Holdings Limited has appointed below mentioned Independent Directors with the approval of shareholders in the 50th Annual General Meeting which was held on 25th September, 2014 for a term of consecutive three years upto the conclusion of 53rd Annual General Meeting of the Company.

- Mr. Surinder Singh Bagai
- Mr. Jagdish Rai Singal
- Mr. Sat Pal Kanwar
- Mr. Om Prakash Sharma
- Ms. Apinder Sodhi

Terms & conditions of appointment of Independent Directors are governed under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended from time to time).

1. Appointment:

- a. Appointment as a Non-Executive Independent Director on the Board of Directors is subject to the provisions of Companies Act, 2013 and directorship is not subject to retirement by rotation.
- b. The appointment may be terminated on failure to meet the parameters of Independence as defined in Section 149(6) or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013.

2. Role, duties and responsibilities:

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:

1. Act in accordance with the Company's Articles of Association.
2. 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.
3. Discharge duties with due and reasonable care, skill and diligence.
4. Shall not involve in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
5. Shall not achieve or attempt to achieve any undue gain or advantage either to him/her self or to his/her relatives, partners or associates.

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6. Shall not assign office as Director and any assignments so made shall be void.
7. Expected to devote such time to the affairs of the Company as may be required by virtue of duties as Independent Director.

In addition to the above requirements, his/her role as a Non-Executive Director shall include helping in development of strategies, evaluate the performance of non-independent Directors, ensuring that financial controls and Risk Management Policy is in place, overseeing the accuracy of financial reporting and ensuring governance and compliance with the applicable legislation and regulations.

3. Code of Conduct:

As an Independent Director, comply with regulations of the following codes of the Company:

- i. Code of conduct for Independent Directors as per Schedule IV of the Companies Act, 2013.
- ii. Code of Conduct for Board of Directors and Senior Management;
- iii. Code for prevention of Insider Trading in securities of the Company;

And such other requirements as the Board of Directors may from time to time specify.

4. Status of Appointment:

1. He/she will not be an employee of the Company. He/she 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 the Shareholders from time to time.
2. He/she will have no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

5. Reimbursement of Expenses:

In addition to the sitting fees described above, the Company will, for the period of your appointment, reimburse for travel, hotel and other incidental expenses reasonably incurred by him/her in the performance of your role and duties.

6. Conflict of Interest:

1. It is accepted and acknowledged that he/she may have business interests other than those of the Company. As a condition to appointment, he/she is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of the appointment as per Section 184 of the Companies Act, 2013.

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2. In the event that circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to review its judgment that he/she is independent, this should be disclosed to both the Chairman and the Company Secretary.

7. Disclosure of Interest:

The Director shall disclose any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record his/her interest appropriately and Company records are updated. A general notice that he/she is interested in any contracts with a particular person, firm or company is acceptable.

8. Confidentiality:

1. All information acquired during the appointment is confidential to the Company and should not be released, either during 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, he/she shall surrender any documents and other materials made available to him/her by the Company.
2. Under the applicable regulations and the Company's Insider Trading Code which concerns the disclosure of price sensitive information and dealing in the securities of the Company. Consequently, he/she should avoid making any statements or performing any transactions that might risk a breach of these requirements.

11. Publication of the Letter of Appointment:

In line with provisions of Schedule IV under the Companies Act, 2013, the Company will make public the terms and conditions of appointment and will also arrange for it displayed on the Company's website and also send a copy of it to the stock exchanges.

12. Evaluation:

The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. The appointment and re-appointments on the Board shall be subject to the outcome of this evaluation process.

13. Termination:

1. He/she may resign from the position at any time by serving a reasonable written notice on the Board. In terms of the provisions of Section 168 of the Companies Act, 2013, he/she is requested to file a copy of his/her resignation letter to Registrar of Companies (ROC).

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2. Continuation of appointment is contingent on getting re-elected by the shareholders in accordance with the provisions of Companies Act, 2013, from time to time in force. He/she will not be able to entitle to compensation if the shareholders do not re-elect him/her at any time.

14. General:

1. Any non-contractual obligations arising out of or in connection with the terms & conditions are governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the District courts of Ludhiana, Punjab.
2. In confirmation to the above terms and conditions relating to appointment as a Non-executive Independent Director of the Company, he/she confirm acceptance of these terms by signing and returning to the Company.
3. The terms and conditions of appointment of Independent Director shall be open for inspection at the registered office of the Company by any member during the normal business hours.