



**Associated Coaters Limited**  
(Formerly known as Associated Coaters Private Limited)  
Powder Coating and Wood Finish on Metals.  
CIN: L28129WB2017PLC224001 | Mob.: 9830437701

**ASSOCIATED COATERS LIMITED**

**CIN: L28129WB2017PLC224001**

**TERMS AND CONDITIONS FOR THE APPOINTMENT OF  
INDEPENDENT DIRECTORS**

*Approved by Board of Directors at its meeting held on December 22, 2023*



**TERMS AND CONDITIONS FOR THE APPOINTMENT OF INDEPENDENT DIRECTORS**

*Schedule IV [See section 149(8)]*

**1. Appointment**

In accordance with the provisions of the Companies Act, 2013 (“Act”) and other applicable laws, you will serve as an Independent Director of the Board from \_\_\_\_\_ (“date of appointment”) through \_\_\_\_\_ (“First Term”). As an Independent Director you will not be liable to retire by rotation and your appointment is subject to the approval of shareholders at the ensuing Annual General Meeting/ Extra Ordinary General Meeting (*as the case may be*) of the Company.

In terms of the Act, you may be eligible to serve as an Independent Director for another term of up to 5 years, subject to the recommendation of the Nomination and Remuneration Committee and passing of special resolution by the shareholders of the Company.

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the (i) applicable laws, including the Act and the Listing Regulations (as amended from time to time) and (ii) Articles of Association (“AOA”) of the Company.

**2. Role, duties and responsibilities**

- A. As a member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
- Requirements under the Companies Act, 2013,
  - Responsibilities of the Board as outlined in the Listing Regulations,
  - Accountability under the Directors’ Responsibility Statement.
- B. You shall abide by the ‘Code for Independent Directors’ as outlined in Schedule IV to Section 149(8) of the Act, and the duties of directors as provided in the Act (including Section 166) and in Regulation 4(2)(f) of the Listing Regulations.
- C. You will provide guidance in your area of expertise.

**3. Professional Conduct for Independent Directors**

As an Independent Director, you shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising your duties;
- exercise your responsibilities in a bona fide manner in the interest of the Company;
- devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making;
- not abuse your 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;

- refrain from any action that could lead to a loss of your independence;
- ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly;
- assist the Company in implementing the best corporate governance practices.

#### **4. Role and Function of Independent Directors**

As an Independent Director you shall:

- 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;
- bring an objective view in the evaluation of the performance of the Board and the Management;
- scrutinize the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between Management and shareholder's interest.

#### **5. Duties**

As an Independent Director, you shall:

- undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- seek appropriate clarifications and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- strive to attend every meeting of the Board and of the Board committees of which you are a member;
- actively and constructively participate in the Board and Committees of the Board in which you may be a member or the Chairperson;



- strive to attend the general meetings of the Company;
- ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- keep yourself well informed about the Company and the external environment in which it operates;
- not unfairly obstruct the functioning of an otherwise proper Board or committee;
- ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- ensure that the whistleblower function of the Company is functioning adequately;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

#### **6. Board Committees**

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

#### **7. Time Commitment**

Considering the nature of the role of a director, it is difficult for the Company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

#### **8. Remuneration**

As an Independent Director you will be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time. Currently, we pay a sitting fee of **Rs. 10,000 per meeting** of the Board and of the Committee.

#### **9. Manner of Appointment**

- Appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- The appointment of independent director(s) of the company shall be approved at the meeting





of the shareholders.

- The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- The appointment of independent Directors shall be formalised through a letter of appointment, which shall set out:
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (*D and O*) insurance, *if any*;
  - e. the Code of Business Ethics that the company expects its Directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

#### **10. Re-appointment**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **11. Resignation or removal**

- The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- Where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **12. Criteria for Independence**

- The Nomination and Remuneration Committee (NRC) shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinants of independence when any new interests or relationships are disclosed by a Director.
- The criteria of independence shall be as laid down in the Act, Listing Regulations and other relevant laws, if any, as amended from time to time.
- The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Act.





### **13. Separate Meetings**

- The independent Directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent Directors and members of management;
- All the independent Directors of the company shall strive to be present at such meeting;
- The meeting shall:
  - a) review the performance of non-independent Directors and the Board as a whole;
  - b) review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;
  - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **14. Evaluation Mechanism**

- The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

### **15. Disclosures, other directorships and business interests**

It is accepted and acknowledged that you have business interests other than those of the Company and have declared conflicts, if any that are apparent at present. In the event that you become aware of any potential conflict of interest with your position as Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary and provide such other disclosures and information as may be required under the applicable laws. By signing this letter, you hereby confirm that as on date of this letter, you have no such conflict of interests with your existing directorships.

Upon any change in circumstances which may affect your status as an Independent Director, you agree to promptly provide a declaration under Section 149(7) of the Act.

### **16. Changes in personal details**

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

### **17. Disengagement**

You may resign as Director of the Company by giving 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 you in the notice, whichever is later.

### **18. Miscellaneous**

The terms of appointment contained in this letter shall be disclosed on the website of the Company and the relevant stock exchanges.



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**19. Extension of Term**

Upon the expiry of your First Term and subject to your eligibility under the relevant provisions of the Act, Rules, Listing Regulations and other applicable laws, as prevailing from time to time and subject to annual performance evaluation and recommendations of the Nomination and Remuneration Committee, the Board may, at its discretion, recommend to the shareholders renewal of your term.

**20. Retirement**

The age of retirement for non-executive directors is 70 years. The age of retirement for Independent Directors is 75 years.

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