

Dated: 30th June, 2015

Dear Ms. Jyothi Prasad,

Sub: Appointment as Independent Director

We thank you for your confirmation to Karvy Financial Services Limited (the "Company") that you meet the "independence" criteria as envisaged in Section 149(6) of the Companies Act, 2013 ("2013 Act") and also for your consenting to hold office as a director of the Company.

Pursuant to your confirmation, we are pleased to confirm that upon the recommendation of its Nomination and Remuneration Committee, the Board has approved your appointment as an Independent Director on the Board of the Company. Your appointment shall be placed for ratification of the members at the ensuing annual general meeting of the company.

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that, of an office-holder and not one of contract for employment in 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 2013 Act and (ii) Articles of Association of the Company ("AOA").

1. Appointment

Your appointment is for the term of 5 years effective from 30th June, 2015.

As an Independent Director you will not be liable to retire by rotation.

Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. Your reappointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

As per the Board's current assessment, you will be a member of the following committees:

| No | Name of Committee / Sub-committee | Duties |
|----|---------------------------------------|-----------------------------------------------------------|
| 1 | Audit Committee | Kindly refer the charters forming part of Directors' Pack |
| 2 | Nomination and Remuneration Committee | |

The Board may reconstitute the composition of any/all Committees, from time to time, and any such change shall be promptly communicated to you. In such an event you may also be required to serve on other Committees of the Board.



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2. Role, duties and responsibilities

- A. As member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board. A summary of the duties of directors accompanies this letter (Kindly refer the *Director's Pack being enclosed herewith*). To assist in understanding the structure of the Company, an *Organizational Chart* is enclosed in the *Director's Pack*.
- B. You shall abide by the 'Code For Independent Directors' as outlined in Schedule IV to section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act. For your ready reference, the relevant provisions have been extracted and attached to this letter as Annexure.
- C. You shall also be responsible for providing guidance in the area of your experience.

3. Time Commitment

Considering the nature of the role of a director, it is difficult for a 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.

4. Remuneration

You will receive sitting fee or other amounts as the Board determines from time to time as per the Company's remuneration policy. You may also be reimbursed for out of pocket expenses incurred as a result of your directorship or any special duties assigned by the Board.

5. Insurance

You will be included in any directors' and officers' liability insurance, if any, which the Company is able to obtain on reasonable endeavours and at a cost considered reasonable in the Company's circumstances.

6. Code of Conduct

As an Independent Director of the Company, you agree to comply with the Code of Conduct for Directors forming part of the 'Directors Pack' enclosed to the letter.

Unless specifically authorised by the Company, you shall not disclose company and business information to public constituencies such as the media, the financial community, or any third party.

Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.



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Additionally, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.

7. Performance Appraisal / Evaluation Process

As a member of the Board, your performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be determined by the Nomination and 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.

8. Disclosures, other directorships and business interests

During the Term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Board.

During your Term, you agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013, upon any change in circumstances which may affect your status as an Independent Director.

9. Changes of personal details

During the 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.

10. Termination

Your directorship on the Board of the Company shall terminate or cease in accordance with law.

You may resign from the directorship of the Company 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 you in the notice, whichever is later.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act, you agree to promptly submit your resignation to the Company with effect from the date of such change.



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11. Cooperation

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your Term, you agree to 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.

12. Acceptance of Appointment

We are confident that, the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

We thank you for your support and commitment to the company.

For **KARVY FINANCIAL SERVICES LIMITED**



M. YUGANDHAR

Director

DIN: 00012265

Address: 46, Avenue 4, Street No. 1

Road No. 10, Banjara Hills,

Hyderabad -500034, Telangana

**AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.



Name: **Jyothi Prasad**

Place: Hyderabad

Date: 30th June, 2015

SCHEDULE IV
(of the Companies Act, 2013)

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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/her duties;
3. Exercise his/her responsibilities in a *bona fide* manner in the interest of the company;
4. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
5. Not allow any extraneous considerations that will vitiate his/her 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/her 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/her independence;
8. Where circumstances arise which make an independent director lose his/her 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. Scrutinize 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 their 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.



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