

## **TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR**

### **I. Appointment**

The Board has, in exercise of the power granted under Section 149, 161(1) of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act has approved your appointment as a Non-Executive Independent Director. Your appointment is subject to the provisions of Companies Act 2013, Code for Independent Directors in Schedule IV, the Articles of Association of the Company and fulfilment of prescribed Independence criteria. The appointment as an Independent Director and subsequent regularization thereof shall be subject to the approval of the shareholders of the Company in the General Meeting.

The appointment shall be valid for a term of five years ("Term") on the Board of the Company and shall be further eligible for re-appointment as per the applicable provisions of the Companies Act, 2013.

An annual evaluation of the performance of the Board as a whole, Committees of the Board and Directors, shall be carried out by the Company. Your appointment and re- appointment on the Board shall be subject to the outcome of the evaluation process.

Your performance of obligations as Independent Director of the Company does not constitute any employer-employee relationship with the Company under any applicable laws.

### **II. Membership of Committees formed by the Board**

During your tenure as Independent Director of the Company, the Board may, if it is appropriate, invite you to be appointed as a member of one or more committees constituted, or to be constituted by the Board as required under the extant regulations. Once appointed in such committees, you shall be governed by the charter documents and/or policies of such committee for the purpose of performing the roles and responsibilities as member.

### **III. Roles and Responsibilities as Director**

Your role and duties will be those normally required of a Non-Executive Independent Director under the Act. During your tenure as Independent Director with the Company, you shall abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act. For your ready reference, the relevant provisions have been extracted and attached to this letter as **Annexure A**.

### **IV. Remuneration**

- a) You will be entitled to sitting fee of Rs. 1,00,000 (One Lakh only) plus the applicable Goods & Service Tax, for attending the meetings of the Board and Committees thereof either personally or through video conference or other audio-visual means as may be made available.
- b) In addition to sitting fees, you will also be entitled to remuneration, as approved by the Board of Directors such as Profit Linked Incentive or any other mode as may be permissible under extant regulations, within the overall limits approved by the shareholders, if applicable and subject to the applicable provisions of the Companies Act, 2013 read along with its rules.
- c) You will be entitled to reimbursement of expenses incurred by you for participation in the Board and Committee and members meetings.
- d) As provided in Section 149 (9) of the Companies Act, 2013, you will not be entitled to any stock option which may be offered by the Company

The payment of all the fees in any form shall be subject to the deduction of tax at source by the Company as per the applicable provisions of the Income Tax Act, 1961, as amended from time to time.

### **V. Reimbursement of Expenses**

In addition to the sitting fee prescribed in paragraph IV, the Company will, for the period of your appointment, provide you with facility/reimburse you reasonable expenses as per the Company Policy incurred in the discharge of your roles/duties.

### **VI. Confidentiality**

During your tenure as Director with the Company, you may have access to the various information and records about the Company as well as directors, employees and other group companies of the Company which is confidential in nature. Such "Confidential Information" shall include, but not limited to, the following:

1. any trade secret, process, technique, algorithm, computer program (source and object code), design, drawing, formula or test data relating to the Company, or the pricing/ products of the Company, or security arrangements of the Company.
2. any or all information, from time to time, in the possession or custody of the Company belonging to its customers, clients, borrowers, business partners, repayment channels, directors, employees and other group companies of the Company from time to time, including without limitation, the name, address, photograph, financial details and loan history of such customers, clients, borrowers, business partners, repayment channels, directors, employees and other group companies;
3. the Unpublished Price Sensitive Information as provided under the Insider Trading Code of the Company.
4. any other information which the Company shares with you in the course of directorship in the Company.

The term "Confidential Information" does not include information which:

- a) is now or hereafter becomes, through no act or failure to act on your part, generally known or available in the public domain.
- b) is independently known by you prior to receiving such information as evidenced by its written and dated records.
- c) is hereafter obtained by you from a third party who is legally entitled to possess and disclose such Confidential Information.

You expressly agree and confirm that:

- i. you will not disclose any Confidential Information to any third party, without the prior written consent of the Company;
- ii. you will promptly provide the appropriate notice to the Company of any actual or threatened breach of the confidentiality of the information;
- iii. you may disclose Confidential Information in accordance with a judicial or other governmental order provided that you shall give the appropriate and reasonable written notice to the Company prior to such disclosure so that the Company may seek a protective order or other appropriate remedy; in the event that no such protective order or other remedy is obtained, or the Company waives compliance with the terms of this Agreement, you will furnish only that portion of Confidential Information which is advised by counsel is legally required and exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to such Confidential Information.

All Confidential Information (including copies thereof) shall remain the property of the Company and shall either be returned or destroyed as required by the Company upon the written request of the Company or upon your need for it having expired, and in any event, upon discontinuation of directorship with the Company. You agree that you will, within three (3) days of receipt of written notification discontinuation of directorship with the Company, return or destroy all documents and tangible items in its possession which contain any Confidential Information and provide a certificate of destruction once such Confidential Information is destroyed.

The discontinuation of your directorship with the Company shall not relieve you with the obligation to maintain confidentiality of the Confidential Information for a period of 5 year(s) from the date of such discontinuation.

## **VII. Termination**

You may resign from the directorship of the Company anytime and should you wish to do so, you are requested to serve a written notice of at least 30 days to the Board.

Your appointment may also be terminated by the Company in the following cases:

- a) you become disqualified to act as Independent Director on the Board of the Company as per the applicable provisions of the Act.
- b) you absent yourself from all the meetings of the Board during a period of 12 months;
- c) you fail to disclose your interest in any contract or arrangement directly or indirectly with the Company;
- d) the Company, by way of resolution passed by the shareholders, decides to terminate your directorship with the Company;
- e) the tenure of your directorship with the Company has expired and the same has not been renewed by the Board and/ or shareholders of the Company.

## **VIII. Governing Law**

This letter of appointment is governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the courts of Gurgaon.

Please confirm your acceptance to the terms of the appointment referred herein this letter for appointment as an Independent Director of the Company by signing and returning to us a copy of this letter.

## Annexure A- Code of 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:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising his duties;
- exercise his responsibilities in a *bona fide* manner in the interest of the company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 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;
- 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;
- refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- assist the company in implementing the best corporate governance practices

### II. Role and functions:

The Independent Directors 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 management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves 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.

### 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 the 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
  - (12) act 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.
  - (14) maintain the confidentiality of UPSI and shall not disclose, communicate, provide, or allow access to any person except for Legitimate Purposes and for performance of duties and discharge of legal obligations, until such UPSI is made publicly available by the Company in the ordinary course of business and in compliance with applicable laws.
  - (15) shall not directly or indirectly trade, in Securities of the Company, when in possession of UPSI and when the trading window is closed.

#### **IV. Manner of appointment:**

- (16) The 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 to enable the Board to discharge its functions and duties effectively.
- (17) The appointment of the Independent Director (s) of the company shall be approved at the meeting of the shareholders.
- (18) 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.
- (19) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
  - ❖ the terms of appointment;
  - ❖ the expectations of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - ❖ the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - ❖ provision for Directors and Officers (D and O) insurance, if any;
  - ❖ the Code of Business Ethics that the company expects its directors and employees to follow;
  - ❖ the list of actions that a director should not do while functioning as such in the company; and
  - ❖ the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (20) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (21) The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

#### **V. Disclosures:**

During the Term, you agree to promptly notify the Company of any change in your directorships/interest and provide such other disclosures and information as may be required under the applicable laws and by lenders of the Company from time to time. 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 Company.

You shall also disclose your interest, if any, in the transaction or arrangement that the Company has entered/proposed to enter into as per the provisions of the Act.

#### **VI. Re-appointment:**

The re-appointment of the Independent Director shall be on the basis of the performance evaluation.

#### **VII. Resignation or removal:**

- a) 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.
- b) 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.
- c) 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.

**VIII. Separate meetings:**

- a) 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.
- b) All the Independent Directors of the company shall strive to be present at such a meeting.
- c) The meeting shall:
  - review the performance of Non- Independent Directors and the Board as a whole.
  - review the performance of the Chairperson of the company, taking into account the views of Executive Directors and Non-Executive Directors.
  - 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.

**IX. Evaluation mechanism:**

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

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