

TERMS AND CONDITIONS OF APPOINTMENT OF  
INDEPENDENT DIRECTORS OF  
CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED



Version No.	T & C of ID/1.0/2014-15
Originally adopted Date of Policy	2014-15
Amended/Modified Date of Policy	-
Policy owner	Board of Directors
Approved by	Board of Directors
Signature	

**Reference** - Schedule IV to the Companies Act, 2013

## TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

*[Pursuant to the provisions of Schedule IV to the Companies Act, 2013 ("the Act")]*

The broad terms and conditions of appointment of Independent Directors are reproduced hereunder:

### **A. Appointment**

The appointment as an Independent Director (ID) on the Board will be effective from the date of appointment for a period of Five Years.

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 Board may, if it deems fit, invite IDs for being appointed on one or more existing Board Committees or any such Committee that is set up in the future.

The appointment on such Committee(s) will be subject to applicable law.

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.

The terms and conditions of appointment of independent directors shall also be posted on the company's website.

### **B. Role, Duties and Responsibilities**

ID as member of the Board along with other Directors will be collectively responsible for meeting the objectives of the Board which include:

- Requirements under the Companies Act, 2013, Schedule IV of the Act and the Rules made thereunder
- Responsibilities of the Board as outlined in the Corporate Governance requirements
- Accountability under the Director's Responsibility Statement
- Overseeing the maintenance of high standards of Chaitanya Values and ethical conduct of business.
- Overseeing Chaitanya contribution to enhancing the quality of life of communities

IDs shall abide by the 'Code for Independent Directors as outlined in Schedule IV of the Companies Act, 2013 and duties of directors as provided in the Act (including Section 166).

IDs will also be responsible for providing guidance in the area of their expertise.

IDs are expected to stay updated on how best to discharge their roles, responsibilities, and duties and liabilities as an ID under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.

ID is expected to:

- i. To act within their authority and Take decisions objectively and solely in the interests of the Company;
- ii. Facilitate Company's adherence to high standards of ethics and corporate behavior;
- iii. Guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
- iv. Guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions;
- v. Guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

#### **C. Remuneration and Reimbursement of Expenses**

ID remuneration will be as under:

- a. Sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time, and
- b. Any other fee subject to the provisions of the Companies Act 2013 and as per the Company's policy as amended from time to time.

ID will be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Board Committee meetings, Annual General Meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

ID will not be entitled to any stock options.

#### **D. Performance Appraisal / Evaluation Process**

As a member of the Board, ID performance shall be evaluated annually by the Board.

The criteria for evaluation shall be determined by the Nomination and Remuneration Committee of the Board.

An indicative list of factors that may be evaluated as a part of this exercise is:

- Participation and contribution by the ID,
- Commitment (including guidance provided to senior management outside of Board / Committee meetings),
- Effective deployment of knowledge and expertise,

- Effective management of relationship with stakeholders,
- Integrity and maintenance of confidentiality
- Independence of behavior and judgment, and
- Impact and influence.

**E. Disclosures, other directorships and business interests**

During the term, IDs need to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. ID agrees that upon becoming aware of any potential conflict of interest with their position as ID, they shall promptly disclose the same to the Company.

ID will have access to confidential information and shall use reasonable efforts to keep it confidential and to not disclose to any third party.

During the term, ID 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.

**F. Re-appointment**

The re-appointment of Independent director shall be on the recommendation of Nomination & Remuneration committee.

**G. Termination**

ID directorship shall terminate or cease in accordance with law.

ID 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 them in the notice, whichever is later.

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

**H. Resignation or Removal**

- I. The resignation or removal of an Independent director shall be in the same manner as provided in sections 168 and 169 of the Act.
- II. An Independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of three months from the date of such resignation or removal, as the case may be.
- III. 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.

**I. Separate Meetings**

1. 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;
2. All the Independent directors of the company shall strive to be present at such meeting;
3. 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.

\*\*\*\*\*