

# **Terms & Conditions of Appointment of Independent Directors**

Terms and Conditions of Appointment as an Independent Director ("ID") of Goenka Business & Finance Limited ("Company") The appointment as an independent director is subject to the Articles of Association of the Company and the terms and conditions set out below:

## **1. TERM OF APPOINTMENT**

1.1 The appointment as an independent director on the Board is effective from the date of appointment. The appointment is for a term of 5 (five) consecutive years and the ID will not be liable to retire by rotation, unless terminated earlier in accordance with the provisions of the terms of letter of appointment and the applicable laws.

1.2 The ID may be required to serve on various committees of the Board. The ID shall be provided with the relevant terms of reference on his appointment to such a committee and will be required to act in accordance with such terms of reference.

1.3 The ID is entitled to resign from his office in compliance with the requirements and the procedure prescribed under the Act and the Listing Agreement. The Company may remove him from the office in compliance with the requirements and the procedure prescribed under the Act, the Listing Agreement and other applicable laws. The office will stand vacated on occurrence of any of the trigger events set out in Section 167 of the Act.

## **2. TIME COMMITMENT**

2.1 The ID will be expected to devote such time as will be necessary for the proper performance of the duties as an ID of the Board. He/ She shall also be expected to make himself available for all emergency and regular Board Meetings and of the committees thereof and general meetings of the Company.

2.2 By accepting this appointment, he undertakes that, taking into account all other commitments that he may have, he is in a position to allocate sufficient time to meet the expectations of his role.

## **3. EXPECTATIONS FROM THE BOARD**

The Board expects the ID to:

- (i) Familiarize himself with the (a) organisation structure; and (b) nature of business, activities and operations of the Company;
- (ii) Observe and comply with applicable law, the Articles of Association of the Company and the rules, regulations and policies of the Company, in relation to his directorship and the business of the Company;



- (iii) Perform the duties and responsibilities and exercise powers, honestly, faithfully, efficiently, diligently and with reasonable care; and
- (iv) Observe and follow standards appropriate to and having regard to (a) his role as an ID; and (b) his knowledge, skills and experience.
- (v) Inform the Company, upon accepting additional commitments that might affect the time he is able to devote to his role as an ID; including the number of public companies in which he serves as an ID at any point of time.

#### **4. CRITERIA OF INDEPENDENCE**

4.1 He/ She shall at the first meeting of the Board in which he participates as an ID and thereafter at the first meeting of the Board in every financial year or as and when there is a change in circumstances, which may affect his status as an ID, submit a declaration to the Board that he meets the criteria of independence specified under Section 149(6) of the Act.

4.2 He shall disclose any direct or indirect interest, which he may have in any matter being considered at a board meeting or committee meeting and, save as permitted under the Articles of Association of the Company, he shall not vote on any resolution of the Board, or of any of its committees, on any matter where he has any direct or indirect interest.

4.3 Unless specifically authorised to do so by the Board, he shall not enter into any legal or other commitment or contract on behalf of the Company.

4.4 He shall not hold office:

- I. as a director (including as an alternate director) in more than twenty companies at the same time;
- II. as a director in more than ten public companies at the same time; and
- III. as an ID in more than seven listed companies at the same time (provided however, that in case he holds office as a whole time director in a listed company then you shall not hold office as an ID in more than three listed companies).

#### **5. DUTIES AND FUNCTIONS**

5.1 He will have to strictly abide by and comply with:

- (i) The duties of directors as set out under Section 166 of the Act; ;
- (ii) The duties and responsibilities as set out under Clause 49 of the Listing Agreement; and
- (iii) The Code for Independent Directors under Schedule IV of the Act (pursuant to Section 149 of the Act), including the (a) guidelines for professional conduct; (b) roles and functions; and (c) duties set out thereunder.



5.2 The aforementioned duties, guidelines for professional conduct and the Code for Independent Directors, shall be deemed to be incorporated in the letter of appointment and shall form an integral part of the letter.

5.3 Subject to the duties as an independent director, he shall not (i) engage in any acts or deeds that would be detrimental to the interests of the Company or any of its affiliates; (ii) tarnish the reputation of or disparage the business of the Company, its affiliates, their respective executive management, directors, shareholders, employees, or people, business relations, organizations connected with the Company and/or any of its affiliates; and (iii) otherwise harm the Company's and/or any of its affiliates' goodwill, business interests or reputation in any manner.

5.4 He will be expected to perform his duties, whether contractual, statutory or fiduciary, faithfully, efficiently and diligently to a standard commensurate with both the functions of his role and knowledge, skills and experience and with due regard to applicable laws.

5.5 He will be required to comply with all applicable laws including but not limited to the requirement to comply with the maximum number of directorships that can be held by an ID.

5.6 He shall moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

5.7 In addition, the Company will make available and / or conduct training sessions from time to time in understanding the business model of the Company as well as the risk profile of the business parameters of the Company. He is also expected to keep himself well informed about the Company and the external environment in which it operates. The Company will also be conducting a training programme to ensure they understand their responsibilities as directors the best ways to discharge them and the basis for understanding financial statements and related documents.

5.8 He shall hold at least one meeting every year, without the attendance of non-independent directors and members of management, to, inter-alia, (i) review the performance of non-independent directors and the Board as a whole; (ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors; (iii) 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.

5.9 He shall review minutes of board meetings and committee meetings (in which he shall act as a member) in order to ensure proper recording of proceedings taken place in the meetings. Further in case he has concerns about carrying out the affairs of the Company, he shall ensure the same are addressed by the Board and, to the extent that they are not resolved, secure their recording in the minutes. He shall be presumed to have had no such concerns, in case he doesn't secure their recording in the minutes.



5.10 He shall make all statutory disclosures required under the Act and other applicable laws, to the Company (in particular disclosure of interest with respect to matters specified under Section 184 of the Act and certificate/declaration of independence at the time of reappointment) and to various regulatory authorities.

## **6. CODE OF CONDUCT**

He will be required to comply with all rules, regulations and codes of practice issued by the Company. This includes the code of conduct laid down by the Board applicable to all the Board members and senior management of the Company

6.1 In addition, he will adhere to the following standards of professional conduct while performing his duties as an ID:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise the responsibilities in a bona fide manner in the interest of the Company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate 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 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 independence;
- (8) where circumstances arise which make lose your independence, he should immediately inform the Board accordingly; and
- (9) assist the Company in implementing the best corporate governance practices.

## **7. PERFORMANCE EVALUATION AND TRAINING**

7.1 His performance evaluation will be conducted by the entire Board, excluding him, on an annual basis and based on the parameters and guidelines prescribed by the Nomination and Remuneration Committee of the Company.

## **8. LIABILITIES**

8.1 For any breach of the duties, he will be subject to the penal consequences as set out under the Act and other applicable laws including SEBI regulations and the Listing Agreement.



8.2 In relation to the Company, he would be liable for such acts of omission or commission by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance, or where he has not acted diligently.

## **9. REMUNERATION**

9.1 As an ID, and during the term, he will be entitled to the sitting fee for attending the board and committee meetings, besides commission on an annual basis which shall be subject to such revisions as may be determined by the shareholders of the Company and any limits that may be prescribed under applicable law.

Additionally, all travelling and other expenses properly incurred in performing his duties in accordance with the Articles of Association and the Act and other applicable laws, will be reimbursed as per Company's policy.

9.2 The remuneration shall be subject to applicable taxes and the Company may withhold there from any amounts as are required to be withheld pursuant to applicable law. Any tax liability arising in respect of payments made pursuant to his remuneration shall be borne solely by him.

## **10. DIRECTORS AND OFFICERS (D & O) INSURANCE**

He, as a director of the Company, is covered by an appropriate directors and officers (D & O) insurance policy.

## **11. CONFIDENTIALITY**

11.1 The business interests of the Company require a confidential relationship between him and the Company and the fullest protection and confidential treatment of the financial data, customer information, supplier information, market information, marketing and/ or promotional techniques and methods, pricing information, purchase information, sales policies, employees' lists, policy and procedure information, records, advertising information, computer records, computer access codes, trade secrets, know how, plans and programs, sources of supply, and other knowledge of the business of the Company, irrespective of whether marked as 'confidential' or not (all of which are hereinafter jointly termed "Confidential Information"), which has or may in whole or in part be conceived, learned or obtained by him in the course of his tenure as an ID of the Company.

11.2 He shall not, except in the proper performance of his duties either during his tenure as an ID of the Company or at any time after the completion or termination of his appointment with the Company (howsoever caused), directly or indirectly, use, divulge, export, publish or communicate, to any person, other than any person employed by the Company (including, for the avoidance of doubt, any professional or other adviser appointed by the Company, who is required to know the same) any Confidential Information, which has come to his knowledge during the term of his appointment with



the Company, for his own benefit or for the benefit of any third party or, except as required by law, a court or tribunal of competent jurisdiction or any applicable regulatory or statutory authority or body, or except as necessarily required in the context of proceedings before any such court, tribunal, or regulatory or statutory authority or body to evidence the proper discharge of his duties as an ID of the Company. This obligation shall be in addition to and not in derogation or substitution of any express or implied duty of confidentiality owed to the Company.

11.3 The restrictions contained in this Clause 11 shall cease to apply to any Confidential Information which may (otherwise than through his default) become available to, or be within the knowledge of, the public generally.

11.4 He is subject to and bound by the prohibition and restrictions against insider trading and disclosure of unpublished price sensitive information, as prescribed under the Act and the regulations issued by the Securities and Exchange Board of India ("SEBI").

11.5 During the course of his appointment, he may have access to certain Confidential Information, which may constitute unpublished price sensitive information. He shall comply with the provisions of the Act, and the Code of Conduct for Prevention of Insider Trading of the Company under SEBI (Prohibition of Insider Trading) Regulations, 1992, as the Company may adopt from time to time.

## **12. COMPANY RECORDS AND OTHER PROPERTY**

12.1 He shall, on request at any time and from time to time (and in any event, on termination/expiry of his appointment with the Company), immediately deliver to the Company or its authorised representatives, all keys, passes, credit or charge cards, Confidential Information and all documents, which may be in his possession or control and which relate in any way to the business and affairs of the Company.

## **13. TERMINATION**

13.1 The appointment as an ID of the Company shall be terminated with immediate effect in the event he: (1) commits a breach of any of his duties, functions and responsibilities or obligations towards the Company under the letter of appointment or for reasons prescribed under the Act; or (2) compromise his independence vis-à-vis the Company in any manner whatsoever which will have an impact on the criteria of independence specified in Section 149(6) of the Act.

13.2 He may resign from his office by giving one month prior written notice to the Company. Upon resignation, he shall in compliance with the provisions of Section 168 of the Act, forward a copy of the resignation along with detailed reasons for resignation to the Registrar of Companies, National Capital Territory of Delhi and Haryana within 30 (thirty) days of the resignation in the prescribed manner.