

## **UNIMONI FINANCIAL SERVICES LIMITED**

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### **TERMS AND CONDITIONS OF INDEPENDENT DIRECTORS**

The terms and conditions of the appointment of Independent Directors of Unimoni Financial Services Limited ('the Company'), which shall, in any event be subject to the provisions of the Companies Act, 2013 ('the Act') and the Articles of Association of the Company, are set out below:

#### **TERMS OF APPOINTMENT**

1. The appointment of Independent Directors will be made for a term up to five consecutive years. The Company may remove Independent Directors prior to completion of the term, subject to compliance of relevant provisions of the Act and Articles of Association of the Company.
2. The Independent Directors will be reappointed for another term of five consecutive years after the expiration of the first term mentioned above subject to their own wishes and approval of the Board and approval of Shareholders through special resolution, and subject to compliance with and in accordance with the Act, and any other law for the time being in force, as applicable to the Company.
3. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director. Provided that such Independent Director shall not during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
4. Re-appointment 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. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the Directors continuing to meet the independence criteria.
5. The provisions of Section 152(6) and (7) of the Act with respect to retirement of Directors by rotation at the each Annual General Meeting of the Company shall not be applicable to Independent Director.

#### **TERMINATION**

1. Notwithstanding anything contained herein, the appointment of Independent Directors may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined under Section 149(6) of the Act or on the occurrence of any event as defined under Section 167 of the Act.
2. 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. The Independent Directors may resign from the Office of Director by issuing a notice to that effect to the Company in writing stating therein, the reasons for resignation. Such resignation shall either be effective from the date of receipt of resignation by the Company or the date that may have been specified in the notice whichever is later. In terms of provisions of the Act, at their option, they may file a copy of their resignation letter with the Registrar of Companies.
3. Independent Directors will not be entitled to any compensation for loss of office.

## **ROLES, FUNCTIONS AND DUTIES**

1. As Members of the Board, the Independent Directors along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
  - a. Requirements under the Act read with Schedule IV of the Act.
  - b. Accountability under the Directors' Responsibility Statement.
  - c. The roles and duties of Independent Directors will be those normally required of a Non-Executive Independent Director under the provisions of the Act. There are certain duties prescribed for all the Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:
    - i. Act in accordance with the Company's Articles of Association.
    - ii. Act in good faith in order to promote the objects of the Company for the benefit of its Members as a whole, and in the best interest of the Company.
    - iii. Discharge duties with due and reasonable care, skill and diligence.
    - iv. Not involve in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
    - v. Not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
    - vi. Not assign their office as Director and any assignments so made shall be void.

- vii. Agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as Independent Director.
2. In addition to the above requirements, the Board of Directors also expects Independent Directors to perform the following functions:
  - i. Constructively challenge and help develop proposals on strategy for growth of the Company.
  - ii. Evaluate the performance of Management in meeting agreed goals and objectives.
  - iii. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
  - iv. Determine appropriate levels of remuneration of Executive Directors and play a prime role in appointing, and where necessary, removing Executive Directors and in succession planning.
  - v. Take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
  - vi. Keep Governance and Compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.
  - vii. Have at least one meeting in a financial year with other Independent Directors without the attendance of other Non-Independent Directors and members of Management to review the performance of the Non-Independent Directors and Board as a whole, including performance of Chairman of the Board, and assess the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **LIABILITIES**

1. Though the Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner, in capacity as an Independent Director, they will be liable in respect of such acts of omission or commission by the company which had occurred with the knowledge of them, attributable through Board processes, and with the consent or connivance them, or where they have not acted diligently.
2. Any breach of duties specified or expected of them as an Independent Director may expose to penal consequences as specified under the Companies Act, 2013 or any other applicable law in force.

## **BOARD COMMITTEES**

Independent Directors may also be appointed as a Member of the Audit Committee, the Nomination & Remuneration Committee, the Corporate Social Responsibility Committee and/or a Member of any other Committee as and when Board decides.

## **REMUNERATION**

1. Independent Directors will not be employees of the Company and their appointment letter shall not constitute a contract of employment. The Independent Directors will be paid such remuneration by way of sitting fees for Meetings of the Board and its Committees as may be decided by the Board.
2. In addition to the sitting fees, commission that may be determined by the Board may also be paid to them. In determining the amount of this commission, the Board, supported by the Nomination and Remuneration Committee, may consider performance of the Company and their performance as evaluated by the Board.
3. Independent Directors have no entitlement to any bonus during the appointment and no entitlement to participate in any Employee Stock Option Scheme operated by the Company or any Group Company.

## **REIMBURSEMENT OF EXPENSES**

The Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/Committee Meetings, General Meetings, Court Convened Meetings, Meetings with Shareholders/Creditors/Management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

## **INSURANCE**

The Company has Directors' and Officers' Liability Insurance and it is intended that the Company will assume and maintain such cover for the full term of appointment of Independent Directors.

## **INDEPENDENT PROFESSIONAL ADVICE**

There may be occasions when Independent Directors consider that they need professional advice in furtherance of their duties as Director and it will be appropriate for them to consult independent advisers at the Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's Policy.

## **TRAINING AND DEVELOPMENT**

The Company may, if required, conduct formal Training Program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

## **PERFORMANCE APPRAISAL / EVALUATION PROCESS**

1. As Independent Directors are the Members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each Director shall be done by all the other Directors.
2. The criteria for performance evaluation will be as determined by the Nomination and Remuneration Committee. The evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

## **DISCLOSURE OF OTHER DIRECTORSHIPS AND BUSINESS INTERESTS**

1. At the first meeting of the Board in every financial year of the Company or whenever there is any change in the circumstances which may affect Independent Directors' status as an Independent Director, they are required to give a declaration to that effect confirming that they meet the criteria of Independence as required under 149 of the Act.
2. Independent Director shall agree to furnish disclosure of interest to the Company as required under Section 184 and declaration as required under Section 164(2) of the Act.

## **CONFLICT OF INTEREST**

1. It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition to appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment.
2. In the event that circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that they are independent, this should be disclosed to both the Chairman and the Company Secretary.
3. They shall not participate in any business activity which might impede the application of their independent judgement in the best interest of the Company.

## **CONFIDENTIALITY**

1. All information acquired during appointment is confidential to the Company and shall not be released, either during appointment or following termination (by whatever means) to third parties without prior clearance from the Company unless required by law or by the rules of any Regulatory Body. On reasonable request, Independent Directors shall surrender any documents and other materials made available to them by the Company.

### **CHANGES OF PERSONAL DETAILS**

During the Term, Independent Directors 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.

### **GENERAL**

The appointment of Independent Directors and any non-contractual obligations arising out thereof shall be governed by and be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Karnataka.