

**Terms & Conditions for appointment of Independent Director in
IFFCO Kisan Finance Limited
Pursuant to the provisions of Schedule IV to the Companies Act, 2013 (“the
Act”)**

In terms of Clause IV(4) of Code of Independent Directors [Schedule IV] to the Act, the terms and conditions of appointment of an Independent Director (ID) of the Company are listed below:

1. Appointment

- The terms of appointment as an ID, as set out in this document are, inter alia, subject to the provisions of the Act, the Articles of Association of the Company and other applicable laws and regulations.
- The appointment as an ID on the Board will be effective from _____, for a period of _____.
- Pursuant to Section 149 and other applicable provisions of the Act, and Schedule IV thereto the ID will not be liable to retire by rotation.
- The Board may, if it deems fit, invite ID 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.

2. Expectations, Roles, Functions and Duties

- During the tenure as an ID of the Company, you shall consistently and continuously comply with the prescribed code for IDs set forth in Schedule-IV to the Act and all other applicable provisions of the Act and the rules made thereunder in addition to the code of conduct for members of the Board and Senior Management that may be framed by the Company. A Copy of Code for IDs as set forth in Schedule IV to the Companies Act, 2013 is enclosed at Annexure- I.
- As a Member of the Board, the ID along with other Directors will be collectively responsible for meeting the objectives of the Board/ Company as stipulated under the provisions of the Act, or any other law applicable to the Company or the Articles of Association of the Company.

- As an ID on the Board of the Company, directors are expected to provide their expertise and experience in the functioning of the Board and the committees of the Board, and to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance.
- Directors are expected to uphold ethical standards of integrity and probity; act objectively and constructively while performing their duties and responsibilities in a bona fide manner in the interest of Company and assist Company in implementing the best corporate governance practices.
- The IDs shall continue to maintain their independence and make requisite disclosure of interest or concern in any company etc., including shareholding and changes therein as prescribed under the Act. Further, they shall not indulge in (i) direct or indirect interest that conflicts with the interest of the Company and (ii) to achieve any undue gain or advantage either to them or to their relatives, partner or associates. (iii) not assign their office as Director and any assignments so made shall be void.
- All information relating to Company coming to the knowledge or possession of an ID during his tenure as Director is confidential to the Company and should not be released either during the tenure or thereafter to any third party without clearance from the Board.
- IDs shall endeavour to, inter alia, attend all meetings of the Board of Directors and of the Board Committees of which he may be appointed as a member and balance the conflicting interest of the stakeholders. The IDs are required to hold at least one meeting in a year, without the attendance of non-IDs and members of the management. All IDs will strive to be present at the said meeting.
- The duties and liabilities that come with the appointment would be as per the Act, other applicable laws and regulations and the Articles of Association of the Company. Company would provide support to help the ID to familiarise with the relevant duties and obligations.

3. Remuneration and Reimbursement of Expenses:

- During the tenure, as Director of the Company, ID shall be paid sitting fees and reimbursement of expenses for attending Meetings of the Board and the Committees of the Board of which the ID is or may become a Member, as may be determined by the Board from time to time subject to the provisions of the applicable laws and regulation including the Act and Articles of Association of the Company. 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 remuneration to ID shall be borne solely by him/her.

- Presently, the Sitting fees payable to Non- Executive ID for attending the meetings of the Board and its Committees thereof is Rs. 1,00,000/- and Rs. 50,000/- respectively per meeting subject to deduction of Taxes at the rates applicable at the time of payment.
- The ID shall not be eligible/entitled for any stock options of the Company.

4 Directors and Officers (D&O) Liability Insurance:

- The Company has taken an appropriate Directors' and Officers' Liability Insurance Policy to indemnify Directors for bona fide actions taken in connection with discharge of their fiduciary duties and liabilities under the Act, as a Director of the Company. The premium for the same has been paid. It is intended to maintain such insurance cover for the term of appointment, subject to the terms and conditions of such policy in force from time to time.

5. Disclosures, other directorships and business interests:

- The ID will during the tenure as Director notify to the Company any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws and regulations.
- The IDs are also expected to provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect their status as an ID.

6. Change of Personal Details:

- During the tenure as Director of the Company, it is required to intimate the Board/Company Secretary and Registrar of Companies, if there is any change in the personal details provided to the Company.

7. Termination:

- The directorship on the Board of the Company will terminate or cease on the expiry of present or in extended tenure or in accordance with the provisions of the Companies Act, 2013 or any other law applicable to the Company.
- An ID may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for the resignation. The resignation will take effect from the date on which the notice is received by the Company or the date, if any specified, in the notice whichever is later.
- If at any stage during the term, there is any change that may affect the status as an ID as envisaged in Section 149(6) of the Act or the person fails to meet the criteria of “independence”, he/she will be required to submit his/her resignation to the Company with effect from the date of such change.

8. Other Terms and Conditions

Evaluation:

- The performance of ID will be evaluated as per the requirements of the Act including amendments thereto.

Cooperation:

- In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on the part of the Director during their term, it is expected to render all assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably required by the Company or its Board.

Liability:

- Subject to applicable law, for any breach of duties, ID will be liable to consequence prescribed under applicable law and in relation to the Company. ID would be liable for such acts of omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance, or where ID has not acted diligently.

Miscellaneous:

- The appointment of ID is also subject to the maximum permissible directorships that one can hold under the Act and applicable laws, including amendments thereto.

- ID will not be in employment of the Company.
- The Company being a Middle layer NBFC, the ID shall also abide by the following:
 - a) Fit and proper criteria prescribed by RBI
 - b) Signing an undertaking and deed of covenant prescribed by RBI and continued compliance of its terms and conditions
- An ID shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, there shall be no conflict arising out of the IDs being on the Board of another NBFC at the same time.

Annexure-I

Schedule IV

[Refer section 149(8)]

CODE FOR 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:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his 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 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;
- (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 his independence;
- (8) where circumstances arise which make an independent director lose his 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) scrutinise 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 his authority 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.

IV. Manner of appointment:

(1) 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.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) 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.

(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the Company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the Company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) 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.

(6) The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

(1) 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.

(2) 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 not more than one hundred and eighty days three months from the date of such resignation or removal, as the case may be.

(3) 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.

VII. Separate meetings:

(1) The independent directors of the company shall hold at least one meeting in a year 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.

VIII. Evaluation mechanism:

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause(45) of section 2 of the Companies Act,2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies.