

Ref:  
Date:

Mr./Ms. \_\_\_\_\_  
Address:

**Sub: Letter of appointment as Independent Director**

Dear \_\_\_\_\_,

The terms and conditions of your appointment as independent director of the Company is mentioned as under:

**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 approved the appointment as Additional & Independent Director for a period of three (3) years. The appointment as an independent director, and subsequent regularisation thereof, shall be subject to the approval of the shareholders of the Company in general meeting.

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 deems appropriate, invite you for being appointed as member of one or more committees constituted, or to be constituted, by the Board. 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 appointment as Independent Director in the Company does not constitute any employment with Company. During your tenure as Independent Director with the Company, you shall be 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**.

You shall declare any such directorships, appointments and interests, which

might give rise to a conflict of interest and/or effect your independence, to the Board in writing in the prescribed form at the time of your appointment and any such future conflict of interest from time to time. You shall also disclose any interest in any transaction or arrangement that the Company has entered into as per the provisions of the Act.

#### **IV. Remuneration**

You shall not be entitled to any remuneration and/ or commission in consideration of performance of your duties as an Independent Director of the Company. However, you shall be entitled to sitting fees (exclusive of Goods & Service Tax (if applicable)) for attending the meetings of Board and / or committees as the member:

- a. Rs.50,000/- (Fifty Thousand Rupees) per meeting of the Board;
- b. Rs.25,000/- (Twenty Five Thousand Rupees) per meeting of the Committee of the Board.

The payment of sitting fee shall be subject to deduction of tax at source by the Company as per the applicable provisions of Income Tax Act, 1961, as amended from time to time.

#### **V. 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. any other information which the Company share with you in the course of your 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 the time of 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 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.

## **VI. 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 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 failed 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.

## **XI. 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 appointment referred herein this letter for appointment as an Independent Director of the Company by signing and returning to us the copy of this letter.

Yours sincerely,  
For and on behalf of Home Credit India Finance Private Limited

Pavel Maco  
Chief Executive Officer/ Whole Time Director

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AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

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Name:

Place:

Date:

## **Annexure A**

### **SCHEDULE IV TO THE COMPANIES ACT, 2013**

[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, 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 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, 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.