

### **Definition of Independent Director as per Regulation 16 of the SEBI Listing Regulations, 2015, as amended**

"Independent Director" means a non-executive director, other than a nominee director of the listed entity:

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company [or member of the promoter group of the listed entity];
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (v) none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (vi) who, neither himself, nor whose relative(s) —
  - (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
    - (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
    - (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - (C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or
  - (D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;
  - (E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;
- (vii) who is not less than 21 years of age.
- (viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:

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

[Pursuant to the provisions of Schedule IV to the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, the broad terms and conditions of appointment of Independent Directors are reproduced hereunder:

#### **A. Appointment**

An independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.



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 an 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.

The appointment of the independent directors on the Board will be effective from the date of his / her appointment for the tenure not exceeding 5 years at a time as approved and recommended by the Board and subject to the approval of the shareholders.

The Board may, if it deems fit, invite independent directors 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

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

Independent directors 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 as enumerated under the SEBI Listing Regulations
- 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 Ujjivan Values and ethical conduct of business
- Overseeing Ujjivan contribution to enhancing the quality of life of communities

Independent directors 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) and SEBI Listing Regulations.

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

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

Independent directors are expected to:

- (i) 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;
- (i) 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;

- (ii) 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**

Independent directors 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.

Independent directors 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.

Independent directors will not be entitled to any stock options.

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.

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

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

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

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

- Qualifications: Details of professional qualifications of the Independent Director
- Experience: Details of prior experience of the Independent Director, especially the experience relevant to the entity
- Knowledge and Competency:
  - How the Independent Director fares across different competencies as identified for effective functioning of the entity and the Board
  - Whether the Independent Director has sufficient understanding and knowledge of the entity and
- the sector in which it operates
- Fulfillment of functions: Whether the Independent Director understands and fulfills the functions assigned to her by the Board and the law
- Ability to function as a team: Whether the Independent Director is able to function as an effective team-member
- Initiative: Whether the Independent Director actively takes initiative with respect to various areas
- Availability and attendance: Whether the Independent Director is available for meetings of the Board and attends the meeting regularly and timely, without delay.
- Commitment: Whether the Independent Director is adequately committed to the Board and the entity
- Contribution: Whether the Independent Director contributed effectively to the entity and in the Board meetings

- Integrity: Whether the Independent Director demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)
- Skill set that compliments those of other Directors, has basic understanding of regulatory systems, laws and regulations
- Respects and is receptive to the views /suggestions of fellow members of the Board.
- Whether Independent Director is independent from the entity and the other directors and there if no conflict of interest
- Whether the Independent Director exercises her own judgment and voices opinion freely

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

During the term, independent director 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. Independent director agrees that upon becoming aware of any potential conflict of interest with their position as independent director, they shall promptly disclose the same to the Company.

Independent director 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, independent director 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. Termination**

Independent director directorship shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Companies Act, 2013, independent director directorship may be terminated for violation of any provision of the Ujjivan Code of Conduct as applicable to Non-Executive Directors.

Independent director 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 independent director as envisaged in Section 149(6) of the Companies Act, 2013, independent director agree to promptly submit his/her resignation to the Company with effect from the date of such change.