

GODREJ FINANCE LIMITED

Code Of Conduct for Independent Directors

Schedule IV of Companies Act, 2013 (“the Act”)

[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/her 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/her 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/her 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. scrutinize 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 (KMP) and senior management and have a prime role in

- appointing and where necessary recommend removal of executive directors, KMP 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/she 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 fulfills the conditions

specified in the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the rules made thereunder and that the proposed director is independent of the management.

4. The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
 - i. the term of appointment;
 - ii. 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;
 - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - iv. provision for Directors and Officers (D and O) insurance, if any;
 - v. the Code of Business Ethics that the company expects its directors and employees to follow;
 - vi. the list of actions that a director should not do while functioning as such in the company; and
 - vii. 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 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 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:

- 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.

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.

IX. Terms of appointment, Role, Responsibilities and Duties of Independent Directors

Document detailing terms of appointment, roles, responsibilities and duties of Independent Directors pursuant to extant laws is attached herewith as **Annexure I**.

X. Review, Modification & Changes:

- There shall be an annual review of the Code by the Board of Directors;
- Board of Directors can at any time modify or amend, either the whole or any part of Code within the regulatory framework.

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A. Role, Responsibilities and Duties

1. Fiduciary Duties of an Independent Director (ID):

There are certain duties prescribed for all Directors, including Independent Director, which are fiduciary in nature and inter alia are as under:

- Shall act in accordance with the Company's Articles of Association.
- Shall 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 interests of the Company.
- Shall discharge your duties with due and reasonable care, skill and diligence.
- Shall not involve in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company/ Godrej Group or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests, must be avoided at all costs.
- Shall not assign your office as Director and any assignments so made shall be void.

2. Prompt information on occurrence of certain events:

IDs should promptly inform the Company on the happening of following events:

- Appointment/ resignation/ change in designation in any company, body corporate, firm or any association of individuals, along with nature of interest and the effective date of change.
- Change in shareholding in Companies in which he/she is a director along with the effective date of change.
- Any change in interest or disclosure during the year since the last update provided to the Company.
- Change in Committee positions.
- Deviation in earlier confirmations:

During the term of appointment, IDs shall promptly notify / intimate the Company of the following: -

- a) Deviation from the confirmation stating that a director is not a willful defaulter as per the list of Reserve Bank of India and not associated with any willful defaulter to Banks / Financial Institutions and not in ECGC approval list.
- b) Deviation from the confirmation stating that a director is not debarred from accessing the capital markets and/or restrained from holding the position of director in any listed Company by virtue of any order of the Securities and Exchange Board of India or any other such authority.

3. Dealings in securities of the Company:

- As securities of Company, i.e., Commercial Papers and Non -Convertible Debentures are listed on the stock exchange, an Insider Trading Code (“the Code”), containing the process/procedure to regulate, monitor and report trading of the securities of the Company by its designated persons and immediate relatives of designated persons has been implemented as per SEBI (Prohibition of Insider Trading Regulations) 2015.
- All Independent Directors are required to comply with the Company’s Insider Trading Code of Conduct. This code inter alia prohibits the Directors from dealing in the Company’s securities during the period when the trading window is closed.
- No unpublished price sensitive information (UPSI) is to be used directly or indirectly for any personal gain.

At present securities of Company are in the institutional market. In event, we issue any retail market security and you wish to trade, please check with our secretarial team first.

These restrictions shall also apply to Immediate Relatives of IDs.

“Immediate Relative will mandatorily include a spouse, parent, sibling, and child of a designated person or of the spouse. However, parent, sibling, and child will be included ONLY IF they are either dependent financially or consults designated person in taking decisions relating to trading in securities”.

4. Disclosures required to be given by IDs:

Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in Companies Act, 2013 (“the Act”) and Listing Regulations and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

Annual disclosure:

In compliance with the requirements under the Act, Listing Regulations, BI Directions and Insurance Regulatory and Development Authority of India (IRDAI) Regulations, the following annual disclosures are required to be provided by IDs:

- General Disclosure of Interest and Shareholding under Section 184(1) of the Act in Form MBP-1;
- List of relatives in terms of Section 2(77) of the Act;
- Disclosure/ Information under the SEBI (Prohibition of Insider Trading Regulations) 2015 read with the Company’s Insider Trading – Code of Conduct;
- Confirmation under Section 164(2) of the Act in Form DIR-8;
- Declaration and confirmations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Declaration and undertaking pursuant to Directions issued by RBI;
- Annual Declaration as per Fit and Proper’ Criteria for Directors under RBI Directions;
- Disclosures pursuant to Insurance Regulatory and Development Authority of India (Registration of Corporate Agent) Regulations, 2015;
- Other disclosures may be required.

5. Filing of KYC form with MCA by IDs:

- Every individual holding a valid Director Identification Number (DIN) as on 31st March of a Financial Year shall file KYC intimation in Form No. DIR-3 KYC Web (e-form DIR-3- KYC) to the Central Government on or before the 30th June of the immediately following every third consecutive financial year.
- Every individual holding a Director Identification Number shall, in the event of change in his personal mobile number, email address or residential address, submit Form No. DIR-3 KYC Web within a period of thirty days of such change along with fee as provided under the Companies (Registration Offices and Fees) Rules, 2014.

6. Obligations as per Deed of Covenant pursuant to RBI Directions on Corporate Governance:

There are certain obligations and duties required to be complied with as per the Deed of Covenant executed with the directors upon their appointment pursuant to RBI Directions on Corporate Governance.

Deed of Covenant is annexed hereto as **Annexure A** for reference. Major obligations of directors under Deed of Covenant inter alia includes the following:

The director shall:

- not evade responsibility in regard to matters entrusted to him / her by the Board;
- not interfere in the performance of their duties by the whole-time Directors and other officers of the company and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his/her concerns to the Board; and
- not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the company in his / her capacity as director of the company only for the purposes of performance of his / her duties as a director and not for any other purpose.
- not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the company to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the company.

B. Term of appointment of an Independent Director

An Independent Director (IDs) shall hold office for a term up to five consecutive years on the Board of the Company. The Independent Directors shall be eligible to be re-appointed for another term of up to five consecutive years subject to:

- their willingness to be appointed as an independent director.
- fulfillment of other criteria prescribed under Section 149 of the Act and Listing Regulations, such as 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.
- approval of the Board of Directors based on performance evaluation.
- Approval of shareholders' by way of a Special Resolution.

1. Independence Criteria:

Independent Directors should promptly inform the company about any change in circumstances which may affect their independence. The criteria for independent directors is given in **Annexure B** for ready reference.

2. Disqualifications:

Independent Director may attract disqualification under section 164 or 167 of the Act. In which case, the IDs are required to inform the companies in which they are directors. The provisions of section 164 and 167 are given in **Annexure C** for ready reference.

3. Remuneration:

As per the provisions of Section 197(5) of the Act, Independent Directors, shall be entitled to receive remuneration by way of fee for attending meetings of the Board or Committee thereof. Further, Independent Directors, shall also be entitled to receive reimbursement of expenses for participating in the Board and other meetings and commission (if any) at a specified percentage of the net profits as per the provisions of the Act.

4. Liabilities:

Section 149(12) of the Act inter-alia states that, notwithstanding anything contained in this Act, an Independent Director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

5. Maximum Directorship in companies:

IDs to comply with the maximum number of directorships which can be held by them. The prescribed limits under the applicable regulations are as under:

Sr. No.	Points	Total Companies
1.	<u>Under Companies Act, 2013:</u> Maximum companies in which a person can be appointed as a director. (While arriving at the maximum number of directorships in Public Companies, Private Companies which are either holding or subsidiary of Public Companies shall also be counted)	20 (Out of which maximum 10 public companies)
2.	<u>Under SEBI Listing Obligations and Disclosure Requirements Regulations, 2015:</u> Maximum number of listed companies in which a person can serve as independent Director.	7*
	Maximum number of companies in which, a person acting as Whole-time director/Managing Director in any Company, can serve as an Independent Director.	3*
3.	Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions (RBI Direction on Corporate Governance)	3 NBFC# (NBFC-Middle Layer or NBFC-Upper Layer)

** For arriving at the above limits, the count for the number of listed entities on which a person is an Independent Director shall be cumulative of those whose equity shares are listed on a stock exchange and high value debt listed entities.*

#No restriction to directorship on the Boards of NBFC-Base Layer

6. Committee Membership in Public Companies:

IDs to comply with the maximum number of Committee Membership. The prescribed limits under the applicable regulations are as under:

Points	Chairmanship	Membership
Maximum number of Committees in which a director can be Chairman/Member across all the Listed Entities	5	10

Note: For arriving at the above limits:

- 1. All public limited companies, whether listed or not, and High value debt listed entities shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded,*
- 2. Only the membership/chairmanships in Audit Committees & Stakeholders Relationship Committees are to be considered.*

Annexure A

Form of Deed of Covenants with a Director of an NBFC

THIS DEED OF COVENANTS is made this day of Two Thousand.....

BETWEEN

____, having its registered office at ____ (____) of the one part

and

____, resident of ____ (hereinafter called the "**Director**") of the other part.

WHEREAS

- A. The director has been appointed as a director on the Board of Directors of the NBFC (hereinafter called "**the Board**") and is required as a term of his/her appointment to enter into a Deed of Covenants with the NBFC.
- B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his/her said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

- 1. The director acknowledges that his / her appointment as director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.
- 2. The director covenants with the NBFC that:
 - (i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
 - (ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
 - (iii) The director shall provide to the NBFC a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies' corporate, firms and other entities.

(iv) The director shall in carrying on his / her duties as director of the NBFC:

- a) use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
- b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC;
- c) shall keep himself / herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him / her;
- d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the NBFC;
- e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;
- f) shall bring independent judgment to bear on all matters affecting the NBFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
- g) shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
- h) shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;

(v) The director shall have:

- a) fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;
- b) duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and
- c) duty to acquire proper understanding of the business of the NBFC.

(vi) The director shall:

- a) not evade responsibility in regard to matters entrusted to him / her by the Board;
- b) not interfere in the performance of their duties by the whole-time Directors and other officers of the NBFC and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
- c) not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC in his / her capacity as director of the NBFC only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The NBFC covenants with the director that:

(i) the NBFC shall apprise the director about:

- a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
- b) control systems and procedures;
- c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
- d) qualification requirements and provide copies of Memorandum and Articles of Association;
- e) corporate policies and procedures;

- f) insider dealing restrictions;
 - g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - h) appointments of Senior Executives and their authority;
 - i) remuneration policy;
 - j) deliberations of committees of the Board, and
 - k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
- (ii) the NBFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the NBFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
- (iii) the disclosures to be made by the NBFC to the Directors shall include but not be limited to the following:
- a) all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b) NBFC's strategic and business plans and forecasts;
 - c) organisational structure of the NBFC and delegation of authority;
 - d) corporate and management controls and systems including procedures;
 - e) economic features and marketing environment;
 - f) information and updates as appropriate on NBFC's products;
 - g) information and updates on major expenditure;
 - h) periodic reviews of performance of the NBFC; and
 - i) report periodically about implementation of strategic initiatives and plans.
- (iv) the NBFC shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
- (v) advise the director about the levels of authority delegated in matters placed before the Board.
4. The NBFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.
5. The NBFC shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.
6. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the NBFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.
8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the NBFC.
9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

Annexure B

Independence criteria

Declaration of independence under sub-section (6) of section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- He/She, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- He/She is or was not a promoter of the Company or its holding, subsidiary or associate company or a member of the promoter group of the Company;
- He/She is or not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- Apart from receiving director's remuneration or having transaction not exceeding ten percent of my total income or such amount as may be prescribed, He/She do not have / had any pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- He/She not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact my ability to discharge my duties with an objective independent judgment and without any external influence;
- None of his/her relatives:
 - a. is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;
 - b. is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
 - c. has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or
 - d. has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income.

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (a) to (d) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

➤ He/She or any of his/her relatives -

- i. holds or has held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity in any of the three financial years immediately preceding the financial year;

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment

- ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year, of -
 - a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
 - b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- iii. holds together with my relatives two per cent or more of the total voting power of the Company; or
- iv. 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 company, 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 company;
- v. is a material supplier, service provider or customer or a lessor or lessee of the Company.

➤ He/She is not a non-Independent Director of another company on the Board of which any non-Independent director of the Company is an Independent Director;

Further, He/She should declare that: -

- i. I shall in the first Meeting of the Board in which I participate as a Director and thereafter at the first Meeting of the Board in every financial year or whenever there is any change in the circumstances or situations which may affect my status as an Independent Director, I will provide a separate declaration that I continue to meet the aforesaid criteria of independence as required in Section 149 (7) of the Companies Act, 2013 and Listing Regulations;
- ii. I shall abide by the provision of Code for Independent Directors as specified in Section 149 (8) and Schedule IV of the Companies Act, 2013 (including any modification(s) / amendment(s) / re-enactment(s) thereto);
- iii. I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering into such relationship / transactions.
- iv. I hold a valid Director Identification Number (DIN); and

- v. I hereby declare that I have complied with the provisions of sub rule (1) and sub rule (2) of rule 6 of the Companies (Appointment and qualification of Directors) Rules, 2014, as amended from time to time.

Annexure C

Disqualification of Directors

Sec. 164 of the Companies Act, 2013 ("the Act") - Disqualifications for Appointment of Director

(1) A person shall not be eligible for appointment as a director of a company, if -

- (a) he is of unsound mind and stands so declared by a competent court;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending;
- (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:
Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
- (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- (f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- (h) he has not complied with sub-section (3) of section 152, which states that no person shall be appointed as a director of a company unless he has been allotted the Director Identification Number.
- (i) he has not complied with the provisions of sub-section (1) of section 165.

(2) No person who is or has been a director of a company which-

- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
- (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

Provided that where a person is appointed as a director of a company which is in default of clause (a) or clause (b), he shall not incur the disqualification for a period of six months from the date of his appointment.

(3) A private company may by its articles provide for any disqualifications for appointment as a director in addition to those specified in sub-sections (1) and (2):

Provided that the disqualifications referred to in clauses (d), (e) and (g) of sub-section (1) shall continue to apply even if the appeal or petition has been filed against the order of conviction or disqualification.

Explanation for the purpose of Sub-Section 164(1)(i):

165. (1) No person, after the commencement of this Act, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time:

Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

Explanation I - For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

Explanation II - For reckoning the limit of directorships of twenty companies, the directorship in a dormant company shall not be included.

Sec. 167 of the Companies Act, 2013 - Vacation of Office of Director

(1) The office of a director shall become vacant in case -

- (a) he incurs any of the disqualifications specified in section 164;
Provided that where he incurs disqualification under sub-section (2) of section 164, the office of the director shall become vacant in all the companies, other than the company which is in default under that sub-section.
- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:
Provided that the office shall not be vacated by the director in case of orders referred to in clauses (e) and (f)-
 - (i) for thirty days from the date of conviction or order of disqualification;
 - (ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed of; or
 - (iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed of.
- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

(2) If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in subsection (1), he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

(3) Where all the directors of a company vacate their offices under any of the disqualifications specified in sub-section (1), the promoter or, in his absence, the Central Government shall appoint the required number of directors who shall hold office till the directors are appointed by the company in the general meeting.

(4) A private company may, by its articles, provide any other ground for the vacation of the office of a director in addition to those specified in sub-section (1).