

SHRI RAM FINANCE CORPORATION PRIVATE LIMITED

Terms and Conditions of
Appointment of Independent Directors.

The terms and conditions of appointment of Independent Directors are subject to the extant provisions of the (i) applicable laws, including the Companies Act, 2013 ('2013 Act') and relevant regulations of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 here after called (LODR) (as amended from time to time) and (ii) Articles of Association of the Company.

This Policy document records the criteria for selection and appointment of directors on the Board of Shri Ram Finance Corporation (the "Company").

A. Appointment

The appointment as an Independent Director (ID) on the Board will be effective from the date of appointment for a period of Five Years which shall commence from the Board may, if it deems fit, invite IDs for being appointed on one or more existing Board Committees or any such Committee that is set up in the future.

Appointment will be for a term of five years from the date of appointment unless terminated earlier or extended, as per the provisions of this letter or applicable laws ("Term"). As an Independent Director you will not be liable to retire by rotation. Re-appointment for another term of maximum period of five years at the end of the current term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders by way of Special Resolution. Your reappointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the independence criteria. The appointment on such Committee(s) will be subject to applicable law.

The appointment of independent directors shall be made in accordance with the applicable provisions of the Companies Act, 2013, ("the Act"), "Fit & Proper Criteria" provided in the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("Master Directions") ("RBI Directions") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time and for appointment of an Independent Director, the name of the person shall be included in the databank maintained by Indian Institute of Corporate Affairs.

Committees

Independent Director may be appointed as member of various Committees of Board as may be decided by the Board of Director of the Company from time to time during his tenure with the Company.

B. Role, Duties and Responsibilities

Independent Director shall meet at least once in a year.

Independent Director 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 of the Board as outlined in the Corporate Governance requirements;
- Accountability under the Director's Responsibility Statement;
- Overseeing the maintenance of high standards of Shri Ram Finance Corporation values and ethical conduct of business;
- Overseeing Shri Ram Finance Corporation's contribution to enhancing the quality of life of communities.

Independent Director 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). IDs will also be responsible for providing guidance in the area of their expertise.

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

An Independent Director is expected to:

- Take decisions objectively and solely in the interests of the Company;

- Facilitate Company's adherence to high standards of ethics and corporate behaviour;
- Guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
- 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;
- 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 Director remuneration will be as under:

- Sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time, and;
- 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.

ID 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.

"ID will not be entitled to any stock options."

D. Performance Appraisal / Evaluation Process

As a member of the Board, ID performance shall be evaluated annually by the Board. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee of the Board.

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

- Participation and contribution by the ID;
- Commitment (including guidance provided to senior management outside of Board /Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintenance of confidentiality;
- Independence of behaviour and judgment and;
- Impact and influence.

E. Disclosures, other directorships and business interests

During the term, IDs 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 ID, 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, ID 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

Your directorship on the Board of the Company shall terminate or cease in accordance with law.

Apart from the grounds of termination as specified in the 2013 Act, your directorship may be terminated in case of violation of any provision of the Code of Conduct as applicable to Nonexecutive Directors.

G. Resignations

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

H. Co-operation

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your Term, you agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

I. Insurance

The Company has obtained Directors' and Officers' Liability Insurance policy and you will be covered under the same.

J. Miscellaneous.

This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

No waiver or modification of this letter shall be valid unless made in writing and signed by you and the Company.

Further, as per the notification of Ministry of Corporate Affairs you shall require to pass an online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs (IICA) within a period of one year from the date of inclusion of your name in the data bank. Also you shall be required to provide the confirmation on compliance of sub-rule (1) and sub-rule (2) of Companies (Appointment and Qualification of Directors) Rules, 2014 to the Board under sub-section (7) of section 149 of the Companies Act, 2013.

K. Policy Review:

This Policy shall be reviewed by the Committee to ensure compliance with any changes in the provisions of the Act or as may be prescribed by the Committee/Board. Any changes or modification to the Policy as recommended by the Committee would be placed before the Board of Directors for their approval.

In case of any amendments in the provisions of the Act, which makes any of the provisions in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.
