



# BELSTAR MICROFINANCE LIMITED

## Terms and Conditions of Appointment of Independent Directors

@Reviewed by The Board of Directors on May 09, 2023

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## **A. Term of Appointment**

Every Independent Director will be appointed subject to the approval of the shareholders of the Company at the General Meeting.

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, give a declaration that he meets the criteria of independence as provided in Companies Act, 2013.

Explanation. --For the purposes of this section, "nominee director" means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests.

Subject to the provisions of section 152, 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 re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

Notwithstanding anything contained in the provision of Companies Act 2013, 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.

## **B. Role & Responsibility**

ID 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 Belstar Values and ethical conduct of business
- Overseeing Belstar contribution to enhancing the quality of life of communities

IDs 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).

ID 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,.
- Set the values and standards of the Company and ensure that its obligations to all its stakeholders are understood by the Management.
- Advise innovative ideas to set and achieve the goals of the Company.

### **C. Remuneration and Reimbursement of Expenses**

ID remuneration will be as under:

- Sitting fees for attending each meeting of the Board and its Committee thereof either personally or through Video Conference or other audio visual means or for any other purpose whatsoever as may be determined by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 or as mentioned in the Article of Association.
- 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 in connection with attending the Board meetings, Committee 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. 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 ID.

Notwithstanding anything contained in any other provision of this Act, but subject to the provisions of sections 197 and 198, an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

## **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 Governance, Nomination and Remuneration Committee of the Board.

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

- 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. Disclosure of Interest**

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. ID 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. ID 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.

Every year the ID need to give a declaration to the Board that he shall continue to meet all the requirements specified under Section 166, Section 149 (6) and Schedule IV of the Companies Act, 2013 for holding the position of Independent Director

## **F. Insurance**

The Company has a 'Directors and Officers Liability Insurance Policy' and such cover will be maintained for the full term of ID appointment.

## **G. Confidentiality**

- I. All information in relation to the Company acquired by ID during the appointment and tenure as an ID is confidential and should not be disclosed to third parties unless required by law.
- II. ID is subject to and bound by the prohibition and restrictions against insider trading and disclosure of unpublished price sensitive information, as

prescribed under the Act and the regulations issued by the Securities and Exchange Board of India ("SEBI"). ID would have to strictly abide by the Code of Conduct for Prevention of Insider Trading of the Company under SEBI (Prohibition of Insider Trading) Regulations, 1992 (as amended or replaced from time to time).

## **H. Liability**

Subject to applicable laws, for any breach of duties, ID will be liable to consequence prescribed under applicable laws 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,

## **I. Resignation or Termination**

ID directorship shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Companies Act, 2013 and as mentioned in the Article of Association of the Company from time to time in force and ID directorship may be terminated for violation of any provision of the Belstar Code of Conduct as applicable to Non-Executive Directors.

ID 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 ID in the notice, whichever is later.

Continuation of ID appointment after the end of ID tenure is contingent on ID getting re-elected by the shareholders in accordance with provisions of Act, and the Articles of Association of the Company, from time to time in force. ID will not be entitled to compensation if the shareholders do not re-elect ID at any time.

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## DECLARATION OF INDEPENDENCE

*[Pursuant to Section 149 (7) of the Companies Act, 2013]*

To

The Board of Directors  
Belstar Microfinance Limited  
New no. 33, old no. 14, 48th street,  
9th avenue, Ashok Nagar,  
Chennai – 600083

Dear Sirs,

### **Sub: Declaration by Independent Director**

I hereby certify that I am holding the position of Independent Director on the Board of Belstar Microfinance Limited. I further certify that I meet/ shall continue to meet all the requirements specified in clauses (b) to (f) of sub- section (6) of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as & when it may be notified for holding the position of Independent Director.

Place: Chennai

Dated this day of .....

Signature :

Name :

DIN :