

# **TERMS AND CONDITION OF** **INDEPENDENT DIRECTOR**

## **EXPLICIT FINANCE LIMITED**

**(CIN NO:L65990MH1994PLC076788)**

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### **1. Review of the Policy:**

The Board will Review the Policy and make revisions as may be required. The Revisions if any will be disclosed on the website of the Company and a web link thereto shall also be given in the Annual Report.

### **2. Term of Appointment:**

The appointment shall be for a period of five consecutive years.

### **3. Functions:**

- To be in a position to allocate sufficient time to meet the expectations of their role as Director of the Company.
- To make themselves available for all Board Meetings and General Meetings of the Company.
- To make themselves available for the mandatory meeting of all the Independent Directors, without the attendance of Non – independent Directors and members of the management once in a year for the purpose of:
  - (a) Reviewing the performance of non – independent Directors and the Board as a whole;
  - (b) Reviewing the performance of the Chairperson of the Company, taking into views of Executive 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.

### **4. Fiduciary Duties**

The fiduciary duties of Independent Directors include liabilities in accordance with Section 166 of the Companies Act, 2013 (the Act) and in clause 49 of the Listing Agreement and shall also include the duties specified in Schedule IV to section 149(8) to the Act.

### **5. The Code of Ethics for Independent Director includes:**

- (a) Upholding ethical standards of integrity and probity;
- (b) Acting objectively and constructively while exercising their duties;
- (c) Exercising their responsibilities in a bona fide manner in the interest of the company;
- (d) Devoting sufficient time and attention to their professional obligations for informed and balanced decision making;
- (e) Not allowing any extraneous considerations that will vitiate their 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;
- (f) Not abusing their 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;
- (g) Refraining from any action that would lead to loss of their independence;
- (h) Where circumstances arise which make them lose their independence as independent director, immediately informing the Board accordingly;
- (i) Assisting the Company in implementing the best corporate governance practices.

### **6. List of actions that a director should refrain from:**

- Not to involve in a situation in which they may have a direct or indirect interest that conflicts or may possibly conflict with the interest of the Company [Section 166(4)]
- Not to achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates [Section 166(5)]
- not disclose to any person or company (whether during the course of their appointment or any time after its termination), any confidential information concerning the Company and any associated company with which they may come into contact by virtue of their position as an Independent Director.
- Not hold office as a Director or any other office In a Competing firm/entity.

#### **7. Remuneration:**

The remuneration of Independent Director shall be by way of sitting fees for attending meetings of the Board and Audit Committee or for any other purpose as may be decided by the Board and the Nomination and Remuneration Committee.

Such fees as may be decided by the Board and the Nomination and Remuneration Committee from time to time, which shall not exceed the limit prescribed by the Government of India, from time to time.

In addition to their sitting fees, they shall be paid all travelling, hotel and other expenses incurred by them

(a) For attending and returning from meetings of the Board of Directors or any Committee thereof or General Meetings of the Company; or

(b) In connection with the business of the Company.

#### **8. Disclosures, other Directorships and Business Interests:**

The Company acknowledges that the Independent Directors may have business interests other than those of the Company and they are requested to declare any conflicts that are apparent at present. In the event of they becoming aware of any potential conflicts of interest, not declared so far, these may be disclosed to the Board or Company Secretary as soon as they become apparent. The Independent Director also agrees that upon becoming aware of any potential conflict of interest with his position as Independent Director of the Company, he shall promptly disclose the same to the Board or the Company Secretary.

directorships of publicly quoted companies or any major external appointments, to avoid any conflict of interest with his current position in the Company.

During his term, he will promptly notify the Company of any change in his directorships, and provide such other disclosures and information as may be required under the applicable laws.

#### **9. Training and Development:-**

The Company will conduct formal training program for its Independent Directors and support them to continually update their skills and knowledge and improve their familiarity with the Company and its business.

**10. Performance Appraisal / Evaluation Process:-**

As a member of the Board, his performance as well as the performance of the entire Board and its Committees shall be evaluated annually by the Nomination and Remuneration Committee. Evaluation of each director shall be done by all the other directors. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

**11. Changes of Personal Details:**

During the Term, the 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.

**12. Disengagement:**

The Independent Director may resign from the directorship of the Company by giving 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.