

To, []

Date: [] Dear []

Sub: Appointment as Independent Director

I am pleased to inform you that upon the recommendation of the Nomination Committee, the Board of Directors ('the Board') of _____ ('the Company') has approved your appointment as an Independent Director of the Company ('Independent Director'). This letter sets out the terms of your appointment.

1. Appointment

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board for a term up of 5 Years from the date of your appointment. Your appointment is subject to the approval of shareholders.

2. Board committees

- a. As advised by the Board, during the tenure of office, you may be required to serve on one or more of the committees of the Board established by the Company. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter which sets out the functions of that Committee.
- b. Currently, the Company has seven committees: Audit Committee, Nomination Committee (NC), Asset Liability Management Committee (ALCO), Risk Management Committee (RMC), IT Strategy Committee, Group Risk Management Committee (GRMC) and Corporate Social Responsibility (CSR) Committee. All committees except the CSR Committee consist entirely of independent directors. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The chairperson of the Board and the committee chairperson, determine the frequency and duration of the committee meetings.

3. Professional Conduct

As an Independent director, you shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising your duties;
- iii. exercise your responsibilities in a bona fide manner in the interest of the Company;
- iv. devote sufficient time and attention to your professional obligations for informed and balanced decision-making;

- v. not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- vi. not abuse your 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.
- vii. refrain from any action that could lead to a loss of your independence;
- viii. ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly, and
- ix. assist the Company in implementing the best corporate governance practices.

4. Functions, Responsibilities and Duties of Directors

a. Functions

- i. To review the Company's strategy, the annual financial plan and monitor the Company's performance:

The primary role of the members of the Board is to exercise their business judgment to act in what they believe to be the best interests of the Company and its shareholders. It is the duty of the Board to ensure that the Management performs with competence and values to achieve the objectives of the Company. Generally, the Board meets once a quarter. The quarterly meeting of the Board includes updates on the business, financial and business-enabler functions and discussions on such updates. The Audit Committee of the Board reviews the Company's financials and recommends the same to the Board for its acceptance. The Board monitors the Company's performance against its annual financial plan at its quarterly meetings as well as at the end of the financial year.

- ii. To review management performance and compensation:

The Nomination Committee of the Board evaluates the performance of the executive officers of the Company and recommends their compensation for the ensuing year to the Board.

- iii. To review and decide on succession planning of executive officers of the Company:

The Nomination Committee of the Board works with the Board to develop an orderly plan for the succession of leadership of the Board and the executive officers of Company. The committee develops contingency plans for succession in the case of exigencies.

iv. To advice and counsel the Management:

The Board should be composed of individuals whose knowledge, background, experience and judgment are valuable to the Company. They should also be capable of providing advice to the executive officers of the Company. Members of the Board have full access to the Management (executive officers) and other employees as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of the Management.

v. To monitor and manage potential conflicts of interests of the Management:

The Audit Committee of the Board reviews and approves related party transactions, as required under the applicable laws and / or the rules of any government agencies applicable to the Company.

vi. To oversee and ensure the integrity of financial information and legal compliance:

The Audit Committee of the Board oversees the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in the overseeing of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, and (4) the Company's internal accounting and financial controls.

b. Responsibilities

Independent directors have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

The Board:

- i. provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- ii. sets the Company's strategic aims, ensures that the necessary financial and human resource requirements are in place for the Company to meet its objectives, and reviews management performance;
- iii. sets the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.

In addition to the criteria mentioned in the previous sections for the induction of directors, the role of independent directors also includes tracking, reviewing and providing feedback on:

- iv. Strategy: Independent directors to constructively contribute to the development of the Company strategy;
- v. Performance: Independent directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
- vi. Risk: Independent directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- vii. People: Independent directors responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. They also have a prime role in appointing, and, where necessary, removing senior management.
- viii. Stakeholders: Independent directors to balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

c. Duties

As an Independent Director, you shall:

- i. undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- ii. seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- iii. strive to attend every meeting of the Board and of the Board committees of which you are a member;
- iv. actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- v. strive to attend the general meetings of the Company;
- vi. ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- vii. keep yourself well informed about the Company and the external environment in which it operates;
- viii. not unfairly obstruct the functioning of an otherwise proper Board or committee;
- ix. ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;

- x. ensure that the whistleblower function of the Company is functioning adequately;
- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- xii. within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees, and
- xiii. during the Term, you shall promptly intimate the Company and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

5. Fees

The compensation of the non-executive/independent directors is approved at a meeting of the Board.

The criteria for payment of annual compensation to non-executive/independent directors are as follows:

Particulars	Amount (INR)
Board attendance fee	50,000

In addition to the above, non-executive/independent directors would be entitled to the reimbursement of expenditure that may be incurred in attending the Board meetings of the Company.

6. Term

Subject to applicable law, independent directors are eligible to serve for a period of two terms of 5 years each.

Re-appointment for the second term shall be based on recommendation of the Nomination & Remuneration Committee and subject to approval of the Board and the shareholders. Your re-appointment would be considered by the Board, based on the outcome of the performance evaluation process and your continuing to meet independence criteria.

Your directorship on the Board of the Company shall terminate or cease in accordance with law. You may resign from the Board 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 you in the notice, whichever is later.

7. Memberships of other boards

It is expected that you will not serve on the boards of competing companies. Apart from the applicable law, RBI Directions and good corporate governance practices, there are no other additional limitations.

You agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Company. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships, if any.

8. Availability of information to the Board

The Board has full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board invites managers of the Company when additional details into the items being discussed are required.

You will apply the highest standards of confidentiality and not disclose to any person (whether during the course of the tenure as Independent Director or at any time after its cessation) any confidential information concerning the Company including any affiliate, subsidiary or associate thereof with which you come into contact by virtue of your position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

9. Mechanism for evaluating Board members

The Chairperson of the Nomination Committee will conduct an annual Board evaluation of the Board as a whole and that of individual Board members in accordance with the Nomination Policy of the Company. Performance is assessed based on clearly defined objective criteria. This is in line with the Company's policy of being data-oriented in every transaction and decision. Kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

It is a pleasure to have you on board. I am confident that your association, expertise and advice will immensely benefit the Company and the Board.

Best Regards, Yours sincerely,

Chairman of the Board

Agreed and Accepted by _____
