

# MODERN FINANCIAL SERVICES LIMITED

## TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTOR

### 1. Tenure of Appointment

The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is in consistent with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Accordingly, the Independent Directors may continue in the office of the Board for maximum period of two terms of five years each. The Company is at liberty to relieve Independent Director during his tenure subject to compliance of relevant provisions of Companies Act, 2013.

### 2. Committees

The Board, as and when required, may invite Independent Director of the Company for being appointed on one or more existing Board Committees or any such Committee as may be constituted during the tenure of his/her appointment. Appointment on such Committee(s) would be subject to the applicable provisions & regulations.

### 3. Expectations

3.1 Independent Directors are expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial integrity and corporate governance.

3.2 Independent Directors are expected to attend the Board and its Committees meetings in which he/she are appointed and Shareholders meetings, as may be required to devote time to such duties, as appropriate to discharge the same effectively.

3.3 He/She should strive to be present at the separate meeting of the Independent Directors to be held at least once in every financial year, without the presence of Non-Independent Directors and members of the Management, to carry out the agendas as prescribed under Schedule IV of the Companies Act, 2013 and the Listing Regulations.

### 4. Roles, Functions and Duties

Roles and duties will be those as prescribed for Independent Director under Schedule IV of the Companies Act, 2013 and the Listing Regulations. As a part of their fiduciary duties, the Independent Director shall :

- I. act in accordance with the Company's Articles of Association.
- II. 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 interest of the Company.
- III. undertake appropriate induction and regularly update and keep himself/herself well informed with the Company and the external environment in which it operates.

IV. discharge his/her duties with due and reasonable care, skill and diligence.

V. neither be engaged in, nor do any act in which he/she may have a direct or indirect interest that may possibly conflict with the interest of the Company and/or which is in contrary with the status of being an Independent Director of the Company. (Please refer to clause 7 for full explanation on conflict of interest).

VI. not achieve or attempt to achieve any undue gain or advantage either to self or to his/her relatives, partners or associates.

VII. not assign his/her office as Director and any such assignments if so made shall be considered as void.

VIII. ascertain and ensure that the Company has an adequate and functional Vigil Mechanism (Whistle Blower Policy).

IX. pay attention in safeguarding the interests of all the stakeholders, particularly the minority shareholders and balance the conflicting interest of the Stakeholders.

X. assist the Company in implementing the best Corporate Governance practices.

In addition to the above requirements role of Independent Director shall involve the following key elements:

**Independent Judgement:** He/She shall help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct.

**Performance:** He/She shall help in evaluating and scrutinising the performance of the Board and the management in the meetings, as per agreed goals and objectives;

**Risk:** He/She shall satisfy himself/herself on the integrity of the financial information and controls and systems of risk management be robust and defensible;

**People:** Independent Directors shall be responsible for determining appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and other Senior Management personnel and shall have a prime role in appointing and wherever necessary shall recommend the removal of the Executive Directors, Key Managerial Personnel and other Senior Management personnel and also in succession planning;

**Reporting:** He/She take the responsibility for the processes for accurately reporting on performance and the financial position of the Company.

**Compliance:** They shall keep governance and compliance with the applicable legislation and regulations under review and in conformity of the Company's practice to the accepted norms.

## **5. Sitting Fees/Remuneration**

Sitting fees for meeting of the Board or a Committee thereof will be paid in accordance with the decision of the Board. The fees may be revised by the Board as and when deem desirable.

## **6. Reimbursement of Expenses**

6.1 In addition to the remuneration as described in paragraph 5 above, the Company will, during continuation of tenure as a Director, will reimburse for travelling and accommodation and any other incidental expenses incurred by the Independent Directors for the performance of their roles and duties on actual basis.

6.2 There may be occasions when the Independent Director may consider necessary to obtain independent professional advice to discharge his/her duties. The Company will reimburse the entire cost of expenditure incurred for the purpose in accordance with the Company's policy.

## **7. Disclosure of Interest**

7.1 It is accepted and acknowledged that the Independent Director may have business interests other than those of the Company. Therefore, as a condition to his/her appointment as Independent Director of the Company, He/She is required to disclose his/her concern or interest in any such other Companies or Body Corporates, firms, or any other association of individuals which shall also include his/her shareholding/ interest in such Body Corporates/ firms, to the Board in writing at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, in the form as prescribed under the Companies Act, 2013.

7.2 In case that he/she is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered or to be entered by the Company, he/she shall disclose the nature of such concern or interest in the meeting of the Board in which the contract or arrangement is discussed and shall not participate in that discussion. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

7.3 In the circumstance that seems likely to change and might give rise to a conflict of interest which may lead the Board to judge his/her independency on Board. This should be disclosed to both the Board of Directors and the Company Secretary at the earliest but not later than the Meeting of the Board held after such change.

## **8. Insurance**

The Company has not undertaken any insurance for Independent Director as of now.

## **9. Confidentiality**

All information acquired during the tenure of Independent Director is confidential to the Company and shall not be disclosed, either during the appointment or subsequent to termination (by whatever means) to third parties without prior approval from the Board of Directors of the Company unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, he/she shall surrender all documents and other materials made available to him/her by the Company.

Attention is also drawn to the requirements under the applicable regulations and the Company's prohibition of insider trading Code which concerns the disclosure of price sensitive information and dealing in the securities of the Company. Consequently one should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

## **10. Evaluation**

The performance evaluation of Independent Directors shall be done by the entire Board of Directors of the Company, excluding the Director being evaluated. This evaluation process will be carried out on an annual basis. Appointment and re-appointment of the Independent Director on the Board shall be subject to the outcome of the yearly evaluation process.

## **11. Termination**

a. In case he/she wish to resign any time during continuance as an Independent Director, it is desirable that he/she would serve a reasonable written notice on the Board.

b. Continuation of appointment of the Independent Director is contingent on one getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. Appointment of the Independent Director may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force. No compensation for the same shall be given in either case.

## **12. Governing Law**

Appointment of the Independent Director shall be governed by and will be interpreted in accordance with the Companies Act, 2013 and the Listing Regulations as may be amended from time to time.