

JFC FINANCE (INDIA) LIMITED

CIN: U74899DL1995PLC072767

Registered Office: P-32, Lower Ground Floor, South Extension Part-II New Delhi-110049

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Terms and Conditions of Appointment of Independent Directors [Pursuant to the provisions of Schedule IV to the Companies Act, 2013 (“the Act”) and SEBI (LODR), Regulation, 2015]

To,

(Name of Director)

(Insert Address)

Date: _____

Sub: Appointment of Non-Executive Independent Director under Companies Act, 2013

Dear Sir,

We are pleased to inform you that the Shareholders of the Company at the 24th Annual General Meeting held on 30th September, 2019 have passed the Resolution for your appointment as an Independent Director of the Company pursuant to the provision stated under the Companies Act, 2013 (Act).

As per the requirements of the Act, the above is being formalized through this letter of appointment.

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that of an office-holder and not one of contract for employment in the Company.

The terms of your appointment, as set out in this letter, are subject to the extant provisions of the: -applicable laws, including the Companies Act, 2013 and Regulation 16 & 17 of the SEBI (LODR) Regulation, 2015.

1. Appointment and term thereof

Your appointment as a Non-Executive Independent Director on the Board of Directors (Board) JFC Finance (India) Limited will be for a period of three/five years, as the case may be. Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 & Listing Provisions. The Company is at liberty to remove Non-Executive Independent Director subject to compliance of relevant provisions of Companies Act, 2013.

You will be eligible for re-appointment for another term as per the applicable regulations, subject to your fulfilling the criteria for being an Independent Director and not being disqualified to be a Director. Further, the re-appointment shall be on the basis of report of your performance evaluation by the Board of Directors. The re-appointment would require Special resolution of shareholders and any other necessary approvals.

2. Board Committee

The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable regulations.

3. Expectations, Roles, Functions and Duties

A. Independent Director is expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective inputs in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance. Independent Director is also expected to observe and comply with applicable laws, the charter documents of the Company and the rules, regulations and policies of the Company, in relation to his/her directorship and the business of the Company.

B. The role, functions and duties of Independent Director will be as provided under the applicable law, including the Act and in conformity with Section 149(8) read with Schedule IV of the Act and Regulation 25 of the SEBI (LODR) Regulation, 2015, including in relation to attendance of meetings, maintenance of confidentiality, safeguarding the interests of the stakeholders, bringing objective judgement, asking clarifications, etc.

C. In addition, the conduct of Independent Director will be governed by applicable law, including the guidelines for professional conduct set out under the Code of Independent Directors, as provided in Section 149(8) read with Schedule IV of the Act, the duties of directors as set out under Section 166 of the Act and the duties and responsibilities as set out under SEBI (LODR) Regulation, 2015.

4. Remuneration and Reimbursement of Expenses

A. Independent Director will be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time in compliance with applicable law. The remuneration shall be subject to applicable taxes and the Company may withhold there from any amounts as are required to be withheld pursuant to applicable law. Any tax liability arising in respect of payments made pursuant to remuneration to Independent Director shall be borne solely by him/her.

According to Section 197 of the Companies Act 2013, except with the approval of the company in a general meeting by passing a special resolution, the company can pay remuneration to its non-executive directors as follows:

a) 1% of the net profit of the company, if there is an existing managing or whole-time director or manager. Here "1% of the net profit" means for all non-executive directors of the company (whether independent or not).

b) 3% of the net profit in any other case i.e. where there is no managing or whole-time director or manager. Here "3% of the net profit" means for all non-executive directors of the company (whether independent or not).

Section 197(3) of the Act was amended by the Companies (Amendment) Act, 2020, wherein a company having no profits or inadequate profits, can pay to all its directors (executive and non-executive directors) by way of remuneration any sum in accordance with the provisions of Schedule V to the Act.

Even in the case of inadequate profits or losses, the sitting fees paid by the company is not a part of the remuneration to directors.

The Ministry of Corporate Affairs (MCA) has amended Schedule V of the Companies Act, 2013, in Part II, under the heading—"Remuneration" and allowed companies to pay remuneration to non-executive directors or independent directors. The limit of yearly remuneration payable to such directors shall not exceed prescribed amount. The maximum amount of remuneration depends upon the effective capital of the company. Where in any financial year during the currency of tenure of non-executive directors or independent directors, a company has no profits or its profits are inadequate, it may, pay remuneration to such director not exceeding, the limits given in Schedule V of the Act.

B. In addition to the remuneration described above the Company will, for the period of appointment, reimburse Independent Director for travel, hotel and other incidental expenses incurred by him/her in the performance of his/her role and duties.

5. Conflict of Interest

It is accepted and acknowledged that Independent Director may have business interests other than those of the Company. As a condition precedent to commencement of the appointment, Independent Director is required to declare to the Company any such directorships, appointments and interests to the Board. Thereafter, Independent Director is required to declare to the Company whenever there is any change in the circumstances which may affect your status as an Independent Director.

6. Other Terms and Conditions

A. Evaluation

The performance of Independent Director will be evaluated as per the requirements of the Act and the Listing Agreement.

B. Termination

(i) Independent Director may resign from his position at any time by serving a reasonable written notice on the Board stating out the reason for resignation. Further, appointment of Independent Director may be terminated in accordance with applicable law.

(ii) Continuation of appointment of Independent Director is contingent on his/her willingness to continue as an Independent Director, and getting re-appointed by the shareholders in accordance with applicable law. Independent Director will not be entitled to compensation in case the shareholders of the Company do not re-appoint him/her at any time.

C. Confidentiality

(i) All information in relation to the Company acquired by Independent Director during the appointment and tenure as an Independent Director is confidential and should not be disclosed to third parties unless required by law.

(ii) Independent Director 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”). Independent Director 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).

D. Liability

Subject to applicable law, for any breach of duties, Independent Director will be liable to consequence prescribed under applicable law and in relation to the Company, Independent Director would be liable for such acts of omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance, or where Independent Director has not acted diligently.

7. Miscellaneous

A. The appointment of Independent Director is also subject to the maximum permissible directorships that one can hold under applicable law, including as per the provisions of the Act and the Listing Agreement.

B. Independent Director will not be in employment of the Company.

C. Independent Director will be invited to attend ongoing training and familiarization sessions, including briefings from management and site visits.

Yours Sincerely,

For **JFC Finance (India) Limited**

Director