

**Date:**

**To**

\_\_\_\_\_  
\_\_\_\_\_

**Dear Sir,**

**Sub: Appointment letter: Independent Director**

Kindly refer to the discussion undersigned had with you in connection with your appointment as an Independent Director on the Board of UGRO Capital Limited ("the Company"). Pursuant to your consent, declaration and submission of documents pursuant to the provisions of Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("SEBI LODR") and as per requirements laid down by RBI for your appointment as an Independent Director on the Board of Company, the Board of Directors of the Company, as per recommendation of the Nomination and Remuneration Committee, at their meeting held on \_\_\_\_ has approved your appointment as an Additional Non Executive Independent Director of the Company. The said term is subject to approval of shareholders that will be obtained in due course.

The terms of your appointment and remuneration, have also been set out below. These are subject to the regulatory provisions as applicable from time to time including the provisions of the Act and the Rules made thereunder and the Articles of Association of the Company ("AOA").

**1. Appointment**

Your appointment shall be for an initial term of 5 consecutive years (subject to approval of shareholders) commencing from \_\_\_\_, unless terminated earlier or extended, as per the provisions of this letter or applicable laws.

- a. An Independent Director you will not be liable to retire by rotation.
- b. During your tenure as an Independent Director, you may be asked to serve on one or more Board Committees. In case of your induction on any Board Committee you shall be informed about the scope and terms of reference of such Committees..

**2. Role, Duties and Responsibilities**

Your role, duties and responsibilities will be those normally required/ expected from an Independent Director under the Act including rules issued thereunder, RBI guidelines/directions and the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and as amended from time to time.

- a. Unless specifically authorised by the Company, you shall not disclose the Company's business related information to public including the media, the financial community, employees, shareholders, agents, franchisees, etc.
- b. Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company. In addition to the above, during the term of your Directorship, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.
- c. You shall at all times abide by the 'Code for Independent Directors' as outlined in Schedule IV to Section 149(8) of the Act, enclosed to this letter as an **Annexure A** and Code of Conduct

framed and adopted by the Company in compliance with the SEBI LODR, enclosed to this letter as an **Annexure B**. Whenever there is any change in the circumstances that may affect your status as an Independent Director, you will give a declaration to that effect. Further, at the first meeting of the Board of Directors held in every financial year you will give a declaration that you meet the criteria of independence, and any other disclosures as may be required from time to time.

- d. You shall abide by SEBI (Prohibition of Insider Trading Requirements) Regulations, 2015 and Companies policy as applicable from time to time.
- e. The Company expects a commitment of sufficient time and attention as necessary in order to perform your duties under the appointment. This will include attendance at Board Meetings, annual meeting of Independent Directors and the Annual General Meeting. You may also be required to attend regular meetings of any Board committee of which you are a member.
- f. In case you become aware of any potential conflict of interest, not declared so far, the same may be communicated to the Managing Director and the Company Secretary as soon as they become apparent. As a policy of the Board, it is expected that our Board Members would not join the Board of any Bank on account of operational challenges faced by the Company pursuant to the restrictive provisions contained the Master Circular- Loans and Advances – Statutory and Other Restrictions dated July 1, 2015 issued by RBI, as amended from time to time.

### **3. Remuneration**

#### **a. Sitting Fees**

The sitting fees for attending the Board and Board Committee meetings will be paid to you as per approval of the Board, subject to the limits prescribed under the provisions of the Act and rules made thereunder, as amended from time to time.

#### **b. Reimbursement of Expenses**

The Company will pay or reimburse to you such fair and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for attending Board/ Committee meetings, Annual General Meetings, Extraordinary General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of your duties as an Independent Director.

### **4. Performance evaluation**

The performance of individual Directors and the whole Board and its Committees shall be evaluated by the Nomination and Remuneration Committee/ Board/ independent external agency as required under the Act and rules made there under, from to time.

### **5. Directors and Officers Liability Insurance**

The Company has taken a Directors' and Officers' liability insurance policy and it is intended that the Company will maintain such cover for the full term of your appointment.

Pursuant to the provisions of the Act, the Company shall make a generic copy of the letter public on its website and the same shall be open for inspection to the members of the Company.

This letter is governed by the laws of India and the parties agree to submit to the exclusive jurisdiction of court of Mumbai, Maharashtra.

We look forward to your contribution on the Board of the Company. You are kindly requested to acknowledge the letter and return the duplicate of this letter to the Company for its record.

Thanking you,

Your truly,

**Shachindra Nath**  
**Executive Chairman and Managing Director**

**Schedule IV**

The Code is a guide to professional conduct for independent Directors. Adherence to these standards by independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent Directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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;
- (6) not abuse his 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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent Directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive Directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive Directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties:**

The independent Directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- (1) Appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent Directors shall be formalised through a letter of appointment, which shall set out :
  - (a) the term of appointment;
  - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its Directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent Directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be..

(3) Where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

(1) The independent Directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent Directors and members of management;

(2) All the independent Directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent Directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, taking into account the views of executive Directors 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.

**VIII. Evaluation mechanism:**

(1) The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

**To,  
Chairman and Managing Director  
UGRO Capital Limited**

I have read and understood my terms of my appointment as Non Executive Independent Director of UGRO Capital Limited communicated to me vide letter dated \_\_\_\_\_

.....  
Name of Director

Date:  
Place: