

**TERMS AND CONDITIONS OF  
APPOINTMENT OF INDEPENDENT  
DIRECTORS  
OF  
CANOPY FINANCE LIMITED**

## TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

*[Pursuant to provisions of Schedule IV to the Companies Act, 2013 ("the Act") and Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations")]*

The broad terms and conditions of appointment of Independent Directors as reproduced hereunder are subject to the provisions of the:

- Applicable laws, including the Act and Regulations 17 to 27 of the Listing Regulations, as amended from time to time and;
- Articles of Association of the Company.

### **1. APPOINTMENT AND TERM THEREOF:**

Their appointment as a non-executive Independent Director on the Board of Directors (Board) of **Canopy Finance Limited** will be for a period of 5 years unless terminated earlier or extended, as per the provisions of appointment letter or applicable laws. They will not be an employee of the Company and the appointment letter shall not constitute a contract of employment.

The word "term" should be construed as defined under the Act and the Listing Regulations. As an Independent Director, they will not be liable to retire by rotation. The Company has adopted the provisions with respect to appointment and term of Independent Directors, which is in consistent with the Act and the Listing Regulations. 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.

Their re-appointment would be considered by the Board, based on the outcome of the performance evaluation process and their continuing to meet independence criteria.

### **2. BOARD COMMITTEE:**

The Board may, if it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. Their appointment on such Committee(s) will be subject to the applicable regulations. They are expected to attend Board, Board Committees, to which they may be appointed and Shareholders' meetings and to devote such time to their duties as deemed appropriate for discharge of their duties effectively. Recommendations/Minutes of the Meetings of the Committees are submitted to the Board for approval.

### **3. ROLE DUTIES AND RESPONSIBILITIES:**

Their role and duties will be those normally required of a Non-Executive Independent Director under the Act and the Listing Regulations. There are certain duties prescribed for all Directors, both Executive and Non- Executive, which are fiduciary in nature and the same are specified under Section 166 of the Act. In addition to the above requirements, they are also required to discharge the duties, roles and functions as applicable to Independent Directors as stated under Schedule IV to the Act, as in force and as may be amended from time to time. While performing such duties, roles and functions, they will be required to abide by the 'Guidelines of Professional Conduct' as stated under the said Schedule.

### **4. ADDITIONAL APPLICABLE STATUTORY REQUIREMENTS:**

As a Non-Executive Director on the Board, they will be subject to all relevant provisions of the Act and the Listing Regulations.

**5. CODE OF CONDUCT / EXCLUDED ACTIONS:**

They will follow the Code of Conduct of the Company and furnish annual affirmation of the same. They will apply the highest standards of confidentiality and not disclose to any person or company (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 subsidiary or associate thereof with which they come into contact by virtue of their position as a Director, except as permitted by law or with prior clearance from the Chairman of the Board.

As per the provision of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, which inter-alia prohibits disclosure or use of unpublished price sensitive information, they should not make any statement(s) that might risk a breach of the requirements specified under the said statute unless the same is required under any law or the same is required for the purpose of compliance of any direction, order, etc. issued/given by any judicial authority. Additionally, they shall not participate in any business activity which might impede the application of their independent judgment in the best interest of the Company.

**6. PERFORMANCE APPRAISAL / EVALUATION PROCESS:**

As a member of the Board, their performance shall be evaluated annually. Evaluation shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

**7. DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS:**

During the term, they agree to promptly notify the Company of any change in their Directorships and provide such other disclosures and information as may be required under the applicable laws.

They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Company. During their term, they agree to promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances, which may affect their status as an Independent Director.

**8. CHANGES OF PERSONAL DETAILS:**

During the term, they shall promptly intimate the Company of any change in address or other contact and personal details provided to the Company.

**9. SITTING FEES:**

They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board. The Company will make all necessary travel arrangements.

**10. TERMINATION:**

Their Directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the Act, their Directorship may be terminated for violation of any provision of the Code of Conduct of the Company. They may resign from the Directorship 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 them in the notice, whichever is later.

**11. CO-OPERATION:**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on their part during their Term, they agree to render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

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