

**LETTER FOR APPOINTMENT OF INDEPENDENT DIRECTOR**

[Ref no.]

[Date]

To,  
[Name & Address of Independent Director]

**Sub.: Your Appointment as an Additional Director (Non Executive Independent) of GIC Housing Finance Ltd. (the "Company").**

We are pleased to confirm your appointment as an Additional Director (Non-Executive Independent) on the Board of Directors of GIC Housing Finance Ltd. (hereinafter referred to as GICHFL or the Company) for \_\_\_\_\_ years with effect from \_\_\_\_\_ subject to approval of shareholders in the next Annual General Meeting of the Company.

This letter of appointment sets out the terms and conditions covering your appointment which are as follows:

**I. APPOINTMENT:**

Your term of appointment as Independent Director is for a term of \_\_\_\_\_ years on the Board of Directors of GICHFL with effects from \_\_\_\_\_. Your appointment is subject to approval of the Shareholders as per the provisions of the Companies Act, 2013.

As an Independent Director, you will not be liable to retire by rotation.

The term of Independent Director should be construed as defined under the Companies Act, 2013 and the SEBI Listing Regulations 2015.

Your appointment and tenure as Independent Director shall be consistent with the applicable provisions of the Companies Act, 2013 and the listing regulations.

**II. COMMITTEES :**

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 laws and regulations. By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

**III. ROLE & DUTIES:**

As a member of the Board, your role, duties and responsibilities will be those normally required of an Independent Director (Non-Executive) under the Companies Act, 2013 and the Listing Regulations.

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In terms of Section 166 of the Companies Act, 2013, you shall:

- a. act in accordance with the Company's Articles of Association;
- b. 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, and its employees, the shareholders, the community and for the protection of environment;
- c. exercise your duties with due and reasonable care, skill and diligence;
- d. not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;
- e. not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates;
- f. not assign your office as Director and any assignments so made shall be void.

You shall also abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013, and duties of directors as provided in the said Act and in Listing Regulations. For your ready reference, the relevant provisions have been extracted and attached to this letter as **Annexure A**.

#### **IV. SITTING FEES:**

You 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 and/or approved by the Shareholders from time to time.

The sitting fees presently paid to the Non-Executive Independent Director is Rs. 30,000/- per meeting of the Board or a Committee thereof.

Further, you will also be paid remuneration by way of commission as may be approved by the Board and the Shareholders from time to time.

#### **V. CODE OF CONDUCT & OTHER COMPLIANCES:**

- i) During the Appointment, you will comply with any relevant regulations as may be issued by the Government of India and such other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors, Insider Trading Code and such other requirements as the Board of Directors may from time to time specify.
- ii) At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an independent director, you shall give a declaration to that effect confirming that you meet the criteria of independence as provided in Section 149 (6), in the format as per **Annexure B** to this Letter.

#### **VI. INSURANCE :**

GICHF has Directors' and Officers' liability insurance and it is intended that GICHF will assume and maintain such cover for the full term of your appointment.

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## **VII. TERMINATION:**

- a) You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board.
- b) Continuation of your appointment is contingent on your 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. You will not be entitled to compensation if the shareholders do not re-elect you at any time.
- c) Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

## **VIII. CONFLICT OF INTEREST:**

It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment. In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that you are independent, this should be disclosed to the Company Secretary.

## **IX. GOVERNING LAW:**

This letter of appointment is governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the Indian courts.

This letter constitutes neither a contract for services nor a service contract.

Please confirm your agreement to the terms of appointment relating to your appointment as an Additional Director (Independent Director) of GICHF by signing and returning to us one enclosed copy of this letter.

Yours sincerely,

Sd/-

**NUTAN SINGH**  
**GROUP EXECUTIVE & COMPANY SECRETARY**

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## **AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

**Place :**  
**Date:**

**Signature:** \_\_\_\_\_  
**Name :** \_\_\_\_\_

## ANNEXURE A

### Schedule IV TO THE COMPANIES ACT, 2013

[See section 149(8)]

#### CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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/her 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:

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- (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;

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- (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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his 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 fulfills 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 formalized 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;

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- (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 a period of not more than one hundred and eighty days 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 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;

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- (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.
- 3) Criteria for Performance evaluation in our Company are ;
  - a. Strive to attend Board/Committee and General Meetings;
  - b. Familiar with the Company's Policies, Values & Beliefs and Code of Conduct;
  - c. Keep himself/herself updated with the development & factors affecting the Company's Business;
  - d. Discloses his/her interest in any of the agenda items under discussion and any change in directorship/other interest;
  - e. Provides inputs and suggestions to Management/Board in his/her areas of expertise.

## **DUTIES OF DIRECTORS AS PER SECTION 166 OF COMPANIES ACT, 2013**

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

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## **RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

### **1. DISCLOSURE OF INFORMATION:**

- a. Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- b. The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

### **2. KEY FUNCTIONS OF THE BOARD OF DIRECTORS-**

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- d. Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- e. Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- f. Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing board of director's evaluation framework.

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## **3. OTHER RESPONSIBILITIES:**

- a. The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- b. The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- c. Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- d. The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- e. Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- f. The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- g. The board of directors shall exercise objective independent judgment on corporate affairs.
- h. The board of directors shall consider assigning a sufficient number of nonexecutive members of the board of directors capable of exercising independent judgment to tasks where there is a potential for conflict of interest.
- i. The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the listed entity to excessive risk.
- j. The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- k. When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- l. Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- m. In order to fulfill their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- n. The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

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## ANNEXURE B

To,

The Board of Directors

**GIC Housing Finance Ltd.**

National Insurance Building, 6<sup>th</sup> Floor,

14, J. Tata Road,

Churchgate,

**Mumbai – 400020**

Dear Sir(s),

**Sub.: Declaration under provisions of Section 149(7) of the Companies Act, 2013**

I, \_\_\_\_\_, Additional Director (Non-Executive Independent Director) of the Company hereby confirm and declare that I meet all the following criteria of Independent Directors as prescribed under Section 149(6) of the Companies Act, 2013:

- a) I am or was not a Promoter of the Company or its holding, subsidiary or associate Company;
- b) I am not in any way related to the Promoters or Directors of the Company or its holding, subsidiary or associate Company;
- c) I am not having any pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of total income or such amount as may be prescribed with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year.
- d) None of my relatives-
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year: Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);]

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- e) Neither me nor any of my relatives had held or holding the position of a Key Managerial Personnel or employees of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the current financial year in which he is proposed to be appointed.
- f) Neither me nor any of my relative is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the current financial year in which he is proposed to be appointed, of –
  - i) A firm of Statutory Auditors(s) of Secretarial Auditor or Cost auditor of the Company or its holding, subsidiary or associate Company; or
  - ii) Any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten percent or more of the gross turnover of such firm;
- g) I am not holding together two percent or more of the total voting power of the company individual or along with my relative;
- h) Neither me nor any of my relative is a Chief Executive Officer or Director, by whatever name called, of any non-profit organization that receives twenty-five percent or more of its receipt from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the Company.
- i) I am having relevant experience and knowledge in one or more fields of Finance/ Law/ management/ Sales/ marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to Company's Business.

I confirm to meet all the criteria of independence (as stated hereinabove) and am also not aware of any circumstance or situation which exist or may be reasonably anticipated that would impair or impact my ability to discharge my duties with objective independent judgment and without any external influence.

In compliance of rule 6(3) of Companies (Appointment & Qualifications) Rules, 2014, I also confirm that I have complied with rule 6(1) of the said rules relating to inclusion of my name in the online databank of Independent Directors as maintained by IICA.

Thanking you,

Yours faithfully,

**Name** :  
**Signature** :  
**Date** :