

Date: .....

To,

.....

**Independent Director  
KLM Axiva Finvest Limited**

Dear Sir/Madam,

**Sub: Letter of Appointment**

We are pleased to inform you that about your appointment as Independent Director of the Company with effect from ..... The appointment is governed by the provisions of Companies Act, 2013 (the Act), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("RBI Master Direction").

You may also kindly note the following in respect of your appointment:

**A. Term of Appointment of Independent Directors**

Your appointment as an Independent Director is for a term of ..... (.....) year with effect from ....., during which period you will not be subject to retirement by rotation. Your tenure will also be subject to your continuing to meet the criteria of independence throughout.

**B. Committees**

You may be nominated on one or more committees of the Board of Directors and in such event you will be provided with relevant committee's terms of reference and any specific responsibilities.

**C. Professional Conduct**

As an independent director you shall:

- (1) act in accordance with the Company's Articles of Association
- (2) uphold ethical standards of integrity and probity;
- (3) act objectively and constructively while exercising his duties;

- (4) exercise his responsibilities in a bona fide manner in the interest of the company;
- (5) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (6) 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;
- (7) 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;
- (8) refrain from any action that would lead to loss of his independence;
- (9) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (10) assist the company in implementing the best corporate governance practices.

#### **D. Roles and Functions of Independent Directors**

As an independent director, you 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.

**E. Duties of Independent Directors**

As an independent director, you 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 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.

So long as you are Independent Director of the Company,

- the number of companies in which you hold office as a director or a chairman or

committee member will not exceed the upper limit as specified under the Act and SEBI LODR Regulations.

- You shall ensure that you do not get disqualified to act as a director pursuant to the provisions of section 164 of the Act.
- You shall ensure compliance with other provisions of the Act, LODR Regulations and RBI Master Directions as applicable to you as an independent director.

## **F. Disclosures**

At the first meeting of the Board in which you participate as a Director you shall:

- (1) submit a declaration to the effect that you meet the criteria of independence as provided in the Act and LODR regulations;
- (2) ensure that you meet the “fit and proper” criteria for appointment as Director as envisaged in the RBI Master Directions;
- (3) disclose your concern or interest in any Company/ies or bodies corporate, firms, or other association of individuals which shall include your shareholding, in the manner prescribed under the Act.

During your appointment as an independent Director, if there is any change in the circumstances that affect your independence, you shall immediately inform the Company of the same.

At the first meeting of the Board in every financial year and whenever there is any change in the disclosures already made, then you shall promptly inform the Board of any such change and you shall confirm that you have not incurred any disqualifications under Section 164 of the Act.

You shall affirm compliance with the code of conduct of board of directors and senior management at such intervals as may be informed to you by the Company.

You may be required to furnish additional disclosures to the Company as per the requirements of other laws that are/may be applicable to the Company within such period and at such intervals as may be informed to you by the Company.

## **G. Performance Evaluation by Independent Directors**

The Company will carry out an evaluation of the performance of the Board as a whole, Board

Committees and Directors on an annual basis. Appointment or Re-appointment is subject to yearly evaluation process adopted by the Board.

As an Independent Director you should strive to hold and attend one meeting of the Independent directors in a year, without the presence of Non- Independent Directors and member of the management team with the sole objective of:

- review the performance of Non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the company management and the Board.

#### **H. Remuneration to Independent Directors**

As an independent Director, you shall be entitled to the following:

- a) sitting fees for attending the meetings of the Board and its Committee (on which the you are appointed as a Chairman/Member) as determined by the Board from time to time;
- b) Reimbursement of expenses incurred in connection with attending of Board meetings, Committee meetings, and General Meetings and in relation to the business of the Company as determined by the Board.

As an independent director, you shall not be entitled to any stock options.

#### **I. Familiarization Programmes to Independent Directors**

The Company provides all Independent Directors with familiarization programmes, including briefings from Management at periodic intervals to educate the Directors on their responsibilities under the Act and SEBI Regulations.

Please avail yourself of these opportunities as fully as is appropriate to your personal circumstances.

#### **I. Confidentiality**

“*Confidential Information*” means all non-public information including but not limited to trade secrets, confidential business information, technical information and know-how, formulations,

drawings, prints, material specifications, customer details, etc.

As an independent director, you may have access to and/or knowledge of confidential information. You shall use confidential information only in the performance of your duties as an independent director.

You shall hold confidential information in confidence and trust.

You shall ensure that confidential information is not disclosed or divulged to any person in any manner whether directly or indirectly in full or in part, both during and after your term as an independent director without prior clearance from the Wholetime Director unless required by law or by any regulatory body.

Your attention is also drawn to the requirements under the applicable regulations for Prevention of Insider Trading which concerns the disclosure of unpublished price sensitive information (UPSI) and dealing in the securities of the Company going forward. Consequently, you should avoid making any statements, performing any transactions or disclosing any information that might risk a breach of SEBI (Prohibition of Insider Trading) Regulations, 2015 without prior clearance from the Wholetime Director.

#### **K. Termination/Resignation**

- You may resign from your position at any time and should you wish to do so, you are requested to serve a written notice on the Board.
- Your appointment may also be terminated in accordance with the provisions of the Act, SEBI Regulations and Articles of Association of the Company from time to time in force.
- You shall be deemed to be retired on the expiry of your tenure as Independent Director.
- Any such termination shall be with a notice of 2 days on either side.
- Upon your resignation/ termination as a Director, you shall, cease to be a Member of the Committee(s) of the Board in which you are appointed.
- Further, your office is liable to vacation on the grounds prescribed under the Act/SEBI Regulations.

Please note your roles, responsibilities, duties, functions, disclosures, etc. are not exhaustive and shall be governed by the provisions of Companies Act, SEBI Regulations and RBI Master Directions as amended from time to time.