



# PMC FINCORP LIMITED

## Specimen - Appointment & Re-appointment Letter of Independent Director

CIN : L27109UP1985PLC006998

Corporate Office : Flat No. 201 & 202, 2nd Floor, Rattan Jyoti Building, 18, Rajendra Place, New Delhi-110008

Tel. : 011-47631025, 26, 27 E-mail : [contact@pmcfincorp.com](mailto:contact@pmcfincorp.com)

Regd. Office : B-10, VIP Colony, Civil Lines, Rampur, U.P.-244901



Date:

Mr. / Mrs. / Ms. \_\_\_\_\_

(Address)

**Sub: Appointment as an Independent Director**

Dear Mr. / Mrs. / Ms. \_\_\_\_\_

Thanks for giving your consent to act as a Director of the Company and it is our pleasure to have you on the Board of PMC Fincorp Limited.

We are pleased to inform you that pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of PMC Fincorp Limited ("the Company") at their meeting held on \_\_\_\_\_, \_\_\_\_ have appointed you as an Additional Non-Executive Independent Director of the Company w.e.f. \_\_\_\_\_, \_\_\_\_\_. Your appointment as an Independent Director shall be subject to the approval of Shareholders of the Company in the ensuing Annual General Meeting.

The terms and conditions of your appointment are given below. Please note that this is not a contract of employment.

**1. Terms of Appointment:**

- a) According to the provisions of Section 161 of the Companies Act, 2013 („Act“) read with rules thereunder and pursuant to the recommendation of Nomination and Remuneration Committee, you are appointed as an Additional Director of the Company w.e.f. \_\_\_\_\_, \_\_\_\_ to hold office up to the date of ensuing Annual General Meeting. Further, as per the provisions of Sections 149 and 152 of the Act and subject to the approval of the Shareholders in the ensuing Annual General Meeting, the Board of Directors have appointed you as Non-Executive Independent Director of the Company for the first/second term of five consecutive years w.e.f. \_\_\_\_\_, \_\_\_\_ to \_\_\_\_\_, \_\_\_\_\_.
- b) Your appointment shall not be subject to retirement by rotation as per the provisions of sub-section (6) of Section 152 of the Act.
- c) Your appointment as an Independent Director of the Company was based, inter-alia, on declaration by you that you comply with the criteria of independence as mentioned in Section 149(6) of the Act read with relevant rules and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations“) as amended from time to time.
- d) Your appointment will terminate automatically on the expiry of the term of appointment as aforesaid, or if you resign from the Directorship of the Company before the expiry of said term. However, pursuant to the applicable provisions of the Act, Listing Regulations and subject to approval of Shareholders of the Company, you will be eligible to offer yourself for re-appointment for second term of five consecutive years.

**2. Committees:**



At present, you have not been appointed on any of the Board Committees of the Company.

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

### **3. Expectation of Board:**

As an Independent Director, you are expected to bring objectivity and independent view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board generally meets four times in a year. Additionally, committee meetings like Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and other committees takes place as and when required. You are expected to attend Board and Board Committee meetings to which you may be appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

### **4. Role, Functions Duties and Responsibilities:**

You shall abide by the guidelines of professional conduct, role, function and duties as an Independent Directors as provided in Schedule IV of the Act, set out in Annexure-I attached herewith and forming part of this letter.

As a Member of the Board, you along with the other Directors will be collectively responsible for meeting the objectives of the Board

### **5. Fiduciary Duties:**

There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- a) You shall act in accordance with the Company's Articles of Association.
- b) You 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 interest of the Company.
- c) You shall discharge your duties with due and reasonable care, skill and diligence.
- d) You shall 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) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- f) You shall not assign your office as Director and any assignments so made shall be void.

### **6. Code of conduct:**

During your tenure as an Independent Director, you are required to comply following codes of conduct of the Company as mentioned below: - a) Code of Conduct for applicable to all Directors and Senior Management; (Annexure II) b) Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives. (Annexure III)

### **7. Liabilities:**



As an Independent Director, you will be liable in respect of such acts of omission or commission by the Company, which had occurred with your knowledge, attributable through board processes, and with your consent or connivance or where you had not acted diligently.

**8. Remuneration:**

As an Independent Director, you shall be paid sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time. At present, sitting fees of Rs. 10,000/- (Rupees Ten Thousand Only) shall be paid for attending each Board Meeting. If you are inducted on any Board Committees, you shall be paid sitting fees of Rs. 5000/- (Rupees Five Thousand Only) for attending each committee meeting. You will also be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Committee meetings and general meetings. At present, there is no provision for payment of commission or performance linked remuneration.

**9. Disclosures and miscellaneous:**

a) During your tenure as an Independent Director, you will have to submit a declaration at the beginning of every Financial Year under Section 149(7) of the Act and Regulation 25(8) of Listing Regulations.

b) So long as you are an 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 limit stipulated under the Act and Listing Regulations.

c) So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act. Further, you will ensure to file Form DIR-3 KYC every year as per the provisions of the Act within the prescribed time.

d) During your tenure as an Independent Director, you are required to disclose change in directorship under Section 184 of the Act. Further, on a quarterly basis you are required to confirm mandatory board committee position(s) under Regulation 26(1) of the Listing Regulations.

e) During your tenure of your Directorship, you are required to submit Annual Disclosure for every financial year ending 31st March:

- Notice of disclosure of interest u/s 184 of Act
  - Form DIR-8 and declaration under Section 164 of the Act confirming that you are not disqualified to act as Director of the Company
  - Declaration on Compliance with Code of Conduct under Regulation 26(3) of Listing Regulations • Declaration on Committee positions
  - Annual Disclosure under Company's Code to Regulate, Monitor and Report Trading by Designated Persons and their immediate relatives
- f) You will ensure compliance with other provisions of the Act and the Listing Regulations as applicable to you as an Independent Director.

g) This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and



the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

h) No waiver or modification of this letter shall be valid unless made in writing and signed by you and the Company.

**10. Confidentiality and access to records:**

a) Directors have a right of access the Company's documents and records, including financial records, as per the provisions of the Act; and

b) Any confidential information, which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged, except so far as it may be necessary in connection with the proper performance of your duties to the Company.

**11. Acceptance of Appointment:**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

Yours sincerely,

**For and on behalf of Board of Directors of**

**PMC Fincorp Limited**

.....

Mr. / Mrs. / Ms.

Chairman

DIN:

**AGREE AND ACCEPT**

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

..... Mr. / Mrs. / Ms.

DIN:



Date:

Mr. / Mrs. / Ms. \_\_\_\_\_

**Sub: Re-appointment as an Independent Director**

Dear Mr. / Mrs. / Ms \_\_\_\_\_ , We are pleased to inform you that the Members of PMC Fincorp Limited (“the Company”) at their \_\_\_ Annual General Meeting held on \_\_\_\_\_, \_\_\_\_\_ , have approved by way of Special Resolution your re-appointment as Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for second term of 5 consecutive years w.e.f. \_\_\_\_\_, \_\_\_\_ to \_\_\_\_\_, \_.

The terms and conditions of your re-appointment are given below. Please note that this is not a contract of employment.

**1. Terms of Appointment:**

a) Your re-appointment shall not be subject to retirement by rotation as per the provisions of subsection (6) of Section 152 of Companies Act, 2013.

b) Your re-appointment as an Independent Director of the Company was based, inter alia, on declaration by you that you comply with the criteria of independence as mentioned in Section 149(6) of the Act read with relevant rules and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time.

c) Your re-appointment will terminate automatically on the expiry of the term of re-appointment as aforesaid, or if you resign from the Directorship of the Company before the expiry of said term.

**2. Committees:**

At present, you have been appointed as \_\_\_\_\_ \_

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

**3. Expectation of Board:**

As an Independent Director, you are expected to bring objectivity and independent view to the Board’s discussions and to help provide the Board with effective leadership in relation to the Company’s strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board generally meets four times in a year. Additionally, committee meetings like Audit Committee, Nomination and Remuneration Committee, Stakeholders’ Relationship Committee and other committees takes place as and when required. You are expected to attend Board and Board Committee meetings to which you may be appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively

**4. Role, Functions Duties and Responsibilities:**



You shall abide by the guidelines of professional conduct, role, function and duties as an Independent Director as provided in Schedule IV of the Companies Act, 2013, set out in Annexure-I attached herewith and forming part of this letter. As a member of the Board, you along with the other directors will be collectively responsible for meeting the objectives of the Board.

#### **5. Fiduciary Duties:**

There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- a) You shall act in accordance with the Company's Articles of Association.
- b) You 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 interest of the Company.
- c) You shall discharge your duties with due and reasonable care, skill and diligence.
- d) You shall 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) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself for to your relatives, partners or associates.
- f) You shall not assign your office as Director and any assignments so made shall be void.

#### **6. Code of conduct:**

During your tenure as Independent Director, you are required to comply following codes of conduct of the Company as mentioned below: -

- a) Code of Conduct for applicable to all Directors and Senior Management; (Annexure II)
- b) Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives (Annexure III)

#### **7. Liabilities:**

As an Independent Director, you will be liable in respect of such acts of omission or commission by the Company, which had occurred with your knowledge, attributable through board processes, and with your consent or connivance or where you had not acted diligently.

#### **8. Remuneration:**

As an Independent Director, you shall be paid sitting fees for attending each meeting of the Board and its Committees as may be determined by the Board from time to time. At present, sitting fees of Rs. 10,000/- (Rupees Ten Thousand Only) shall be paid for attending each Board Meeting. If you are inducted on any Board Committees, you shall be paid sitting fees of Rs. 5000/- (Rupees Five Thousand Only) for attending each committee meeting.

You will also be entitled to reimbursement of expenses incurred by you in connection with attending the Board meetings, Committee meetings and general meetings.

At present, there is no provision for payment of commission or performance linked remuneration.



## 9. Disclosures and miscellaneous:

a) During the your tenure as an Independent Director, you will have to submit a declaration at the beginning of every Financial Year under Section 149 (7) of the Companies Act, 2013("Act") stating that you meet the criteria of Independence.

b) So long as you are an 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 limit stipulated under the Act and the Listing Regulations.

c) So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.

d) During your tenure as an Independent Director, you are required to disclose change in directorship under section 184 of the Companies Act, 2013. Further, on a quarterly basis you are required to confirm mandatory board committee position(s) under regulation 27(2) of the Listing Regulations.

Further, you are required to submit following annual Disclosure for every financial year ending 31st March:

- Notice of disclosure of interest u/s 184 of Companies Act, 2013
- Form DIR- 8 and declaration under Section 164 of the Companies Act, 2013 confirming that you are not disqualified to act as Director of the Company
- Declaration on Compliance with Code of Conduct under Regulation 26 (3) of Listing Regulations • Declaration on Committee positions
- Annual Disclosure under Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives

e) You are also required to comply with KYC w.r.t. your DIN with ROC every year.

f) You will ensure compliance with other provisions of the Act and the Listing Regulations as applicable to you as an Independent Director.

g) This letter represents the entire understanding, and constitutes the whole agreement, in relation to your re-appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

h) No waiver or modification of this letter shall be valid unless made in writing and signed by you and the Company.

## 10. Confidentiality and access to records:

a) Directors have a right of access the Company's documents and records, including financial records, as per the provisions of the Act 2013; and

b) Any confidential information, which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged, except so far as it may be necessary in connection with the proper performance of your duties to the Company.





11. Acceptance of Appointment: We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of re-appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

Yours sincerely,

**For and on behalf of Board of Directors of**

**PMC Fincorp Limited**

.....

**Mr. / Mrs. / Ms.** \_\_\_\_\_

**Chairman:**

**DIN:**

.....

**AGREE AND ACCEPT**

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

.....

**Mr. / Mrs. / Ms.** \_\_\_\_\_

**DIN:**



## **SCHEDULE IV read with section 149(8) of the Companies Act 2013 CODE FOR 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) act 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.