

# **K Z LEASING AND FINANCE LIMITED**



## **APPOINTMENT OF INDEPENDENT DIRECTORS**

- The Company believes that the Board be continuously empowered with the knowledge of latest developments in the Company's businesses, and the external environment affecting the Company and the industry as a whole. Apart from the periodic presentations on Company's business and performance updates, business strategy and risks involved, presentations are also made on topics covering the finance industry. Updates on relevant statutory changes and judicial pronouncements around important NBFC related laws are regularly circulated to the Directors. Each director of the Company has complete access to Company's information and freedom to interact with the Senior Management.

**Framework:**

- a) Schedule IV to the Companies Act, 2013 provides for the 'Code for Independent Directors'.
- b) The appointment of Independent Director(s) of the Company is approved at the meeting of the shareholders.
- c) The appointment is for a term of 5 (five) years commencing from the date of appointment and ending ('Termination Date') on 6th Annual General Meeting of the Company following the date of appointment and shall not be liable to retirement by rotation.
- d) As an Independent Director, he is responsible to perform his functions which are given to him by virtue of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosers Requirements) Regulations, 2015.

**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

### **Other Obligations And Compliances**

The Independent Director will be required to execute / confirm with respect to the following documentation on a periodic basis:

- a) Confirmation that he is not disqualified to act as a Director of the Company in terms of the Companies Act, 2013
- b) Declaration of Independence in terms of the Companies Act, 2013
- c) Disclosures under the Company Code for Prevention of Insider Trading
- d) Code of Conduct for Directors of the Company

e) Code of Conduct for Independent Directors as per Schedule IV of the Companies Act, 2013

f) Disclosure of change in interest in companies where he is appointed / ceased as a Director or Key Managerial Personnel

g) Confirmation that his directorships in companies do not conflict with the interest of the Company

**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.

**Re-appointment:**

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

**Review:**

The Board of Directors will review this policy and make revisions as may be required from time to time which will be uploaded on the Company's Website.