



Terms and Conditions of Appointment of Mr. Mannil Venugopalan as an Independent Director

Pursuant to the provisions of Companies Act, 2013 and revised Securities Exchange Board of India (SEBI) Corporate Governance Norms, the Company has issued an appointment letter to all its Independent Directors.

The following are the terms of appointment, duties, roles and responsibilities as an Independent Director on the Board of our Company:

1. Terms of Appointment

Subject to eligibility criteria as laid down under section 149(6) and upon receipt of declaration of independence in accordance to section 149 (7) the Company under the provisions of Companies Act, 2013 and listing agreement, the Company has appointed Mr. Mannil Venugopalan as an Independent Directors for an initial term of five years commencing from 1st April, 2014. The resolution relating to the said appointment as an Independent Director has also been approved by the Members at the 30th Annual General Meeting of the Company and he shall not be liable to retire by rotation.

The applicable laws require an Independent Director to hold office for not more than two consecutive terms of five years each.

1.1 Other Directorships & Interest and Restriction on the Number of Directorship

The Independent Director shall have the liberty to accept other Board appointments so long as the appointment is not in conflict with the Company's business and does not materially interfere with the performance as an Independent Director of the Company.

Thus, the Independent Director shall hold office as a director, including any alternate directorship, in not more than twenty companies at the same time subject to a maximum directorships in ten public companies.

However, SEBI restricts directorship as an Independent Director in maximum seven listed companies.

The independent director shall intimate the change(s) in the nature or the number of directorships held within thirty days of such change.

2. Committee Involvement

Board committees are formed to enable the Board to deal with specific areas/activities that need a closer review and to have an appropriate structure to assist in the discharge of its responsibilities. The Board's present committees are Audit, Finance, Stakeholders Relationship, Nomination and Remuneration, Corporate Social Responsibility and Risk Management Committee.

Mr. Mannil Venugopalan is nominated to serve on Audit Committee – Member and Risk Management Committee-Member

The applicable laws restricts the independent director to act as a member in not more than ten committees or act as a Chairman of not more than five committees across all companies in which you are a Director. As per the provisions of the listing agreement the Chairmanship/membership of the Audit Committee and Stakeholders Relationship Committee alone shall be considered for reckoning the said limit. The Independent Director shall inform the company about the committee positions you occupy in other companies and notify the changes as and when they take place.

3. Role & Responsibilities

The Board's role is to assist the company in implementing the best corporate governance practices and effectively represent, promote and safeguard the interests of all stakeholders, particularly the minority shareholders.

As an Independent Director on the Board of the Company, the Director is required to uphold ethical standards of integrity and probity, act objectively & constructively and exercise responsibilities in a bona fide manner in the interest of the company in addition to the following responsibilities:

- To bring 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 and an objective view in the evaluation of the performance of board and management;
- To scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- To ensure that the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- To assist the Board in determining appropriate levels of remuneration of executive directors, key managerial personnel and senior management and in appointing and where necessary recommending removal of executive directors, key managerial personnel and senior management.
- To moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

3.1 Duties

In addition to the above responsibilities, Companies Act 2013 entrusts the following duties upon an Independent Director to uphold the highest standards in all matters and interests of the Company.

- Devote sufficient time and attention to professional obligations for informed and balanced decision making.
- To act in accordance with the articles of association of the company and 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.
- To exercise the duties with due and reasonable care, skill and diligence and have an independent judgment.
- Not to engage in any behaviour that is unethical, dishonest, reckless, damaging or disruptive to the conduct of business.
- To seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
- To strive to attend and participate constructively & actively, all general meetings, meetings of the Board and its committees of which the Director is a chairman/member.
- To ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the company.

3.2 Conflict of Interests and Disclosures

It is accepted and acknowledged that an Independent Director may have business interests other than those of our Company. However, it is the duty to disclose the following to the Board in order to prevent any conflicts of interests.

- During the term, an Independent Director shall not have any pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors.
- Ensure that none of the relatives of an Independent Director shall have any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower.
- At the first Board meeting in every financial year or whenever there is any change in the circumstances which affects the status as an independent director, or change in the disclosures already made, give a declaration that the criteria of independence has been fulfilled or disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, respectively.
- If concerned or interested, whether directly or indirectly, in any contract or arrangement or proposed contract or arrangement entered into or to be entered with a body corporate in which either the Independent Director individually or in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or with a firm or other entity in which, the Independent Director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

3.3 Liabilities

The Independent Director shall be liable, only for such acts of omission or commission by the Company which had occurred with his knowledge, attributable through Board processes, and with the consent or connivance or where the Independent Director had not acted diligently.

4. Insurance

The Company will use its best endeavours to maintain appropriate directors' and officers' (D&O) liability insurance for the benefit of the Board.

The Director shall be informed of any changes to the policy.

5. Fees

The Company, in addition to the payment of sitting fees towards attending Board/Committee Meetings, reimburses for all direct and indirect expenses incurred for attending the Board/Committee meetings including travelling, boarding and lodging. The Sitting fees shall be paid at the amount approved by the Board of Directors of the Company. The Independent Director shall also be entitled to profit related commission as may be approved by the Board and the shareholders of the Company.

However, an Independent Director shall not be entitled to any stock option as per the provisions of Companies Act, 2013.



6. Adherence to Code of Conduct

In compliance with the applicable laws, the Company has adopted a Code of conduct for its Board of Directors & Senior Management personnel, which requires the directors to act honestly, ethically and with integrity and in a professional and respectful manner.

The Company also has in place, a Code of Conduct for Prevention of Insider Trading Practices, which lays procedures to be followed, and disclosures to be made while dealing in the shares of the Company and restricts dealing in shares when in possession of any unpublished price sensitive information.

The Code for Independent Directors under Companies Act, 2013 which acts as a guide to professional conduct and duties is communicated by the Company.

In addition to the above, during the term as an Independent Director, compliance with all other relevant regulations as may be issued by the Ministry of Corporate Affairs, SEBI including other requirements as the Board of Directors may from time to time specify is mandatory.

7. Training

The Company shall regularly update and refresh the skills, knowledge and familiarity with the Company in order to keep the Directors well informed about the company and the external environment in which it operates.

The Company shall provide with induction training and necessary updates, documents, information, reports, policies pertaining to its business and operations at regular intervals. The Company shall also provide with the regular updates on the relevant amendments to the statutory acts/legislations, as applicable to the Company.

8. Evaluation process and reappointment

The performances of the Board as a whole, its committees and individual directors shall be evaluated annually.

The Board shall follow the evaluation criteria laid down by the Nomination and Remuneration Committee to evaluate the performance of the independent directors. If, in the meantime, there are any matters which cause concern to the Director about the role, the same can be discussed with the Chairman of the Board.

The reappointment of an Independent Director shall be on the basis of the report of performance evaluation.

9. Confidentiality

Independent Director shall be required to keep all the information acquired during the term as an Independent Director as confidential and shall not disclose any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, during the appointment or following termination (by whatever means) to third parties except as permitted by law and at all times with prior approval from the Chairman.

For Dewan Housing Finance Corporation Limited

Sd/-

**Kapil Wadhawan
Chairman and Managing Director**