

## **LETTER OF APPOINTMENT**

Dear Mr. Shailesh J Mehta,

I am writing to confirm our decision to appoint you on the Board of Directors of Manappuram Finance Limited with effect from July 31<sup>st</sup>, 2014. This letter of appointment sets out the terms and conditions covering your appointment which are as follows:

### **1. Appointment**

1.1 You have been appointed as a Non-Executive Independent Director on the Board of Directors of Manappuram Finance Limited (MAFIL) with effect from July 31<sup>st</sup>, 2014.

1.2 Your term of appointment shall be for a period of five years subject to fulfillment of fit and proper criteria as framed by Reserve Bank of India from time to time.

1.3 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

### **2. 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 regulations.

### **3. Time Commitment**

3.1 As a Non-Executive Director you are expected to bring objectivity and independence of view to the Board's discussions and to help or 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 meets atleast 4 times in a year. The Audit Committee also meets atleast 4 times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee meetings which are ordinarily convened four times in a year. You will be expected to attend Board, Board Committees 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. Ordinarily, all meetings are held in Head Office at Valapad.

3.2 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.

#### **4. Duties**

Your duties are those, normally required for a Non-Executive Independent Director under the Companies Act, 2013 and the listing agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

4.1 undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the company;

4.2 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;

4.3 strive to attend all meetings of the Board of Directors and of the Board committees of which you are/ going to be a member;

4.4 participate constructively and actively in the committees of the Board in which you are/ going to be chairpersons or members;

4.5 strive to attend the general meetings of the company;

4.6 where you 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;

4.7 keep yourself well informed about the company and the external environment in which it operates;

4.8 not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

4.9 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;

4.10 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;

4.11 report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

4.12 acting within your authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

4.13 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.

## **5. Role and functions**

Your roles and functions are:

- 5.1 help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct
- 5.2 bring an objective view in the evaluation of the performance of board and management
- 5.3 scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance
- 5.4 satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible
- 5.5 safeguard the interests of all stakeholders, particularly the minority share holders
- 5.6 balance the conflicting interest of the stakeholders
- 5.7 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
- 5.8 moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholders's interest.

## **6. Code of business Ethics that the company expects its directors and employees to follow:**

- 6.1 Honesty, integrity and diligence are the fundamental aspects qualifying every act on the part of the board and senior management. They should act in good faith for and on behalf of the company and adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company.
- 6.2 Any confidential information obtained during the course of their duty should not be used for personal aggrandizement or financial gain to self or to a third party.
- 6.3 They shall not engage in any business, which is detrimental to the interests of the company. They shall maintain the confidentiality of all material and non-public information about the company or its business and must always act in the best interests of the Company and its stakeholders.
- 6.4 They Shall not accept any gifts, benefits in cash or in kind or other personal favours from the customers or from those seeking any business from the company and shall conduct the activities outside the Company in such manner as not to adversely affect the image or reputation of the Company.

6.5 The directors shall not associate with other Gold Loan NBFC registered under Companies Act and regulated by RBI either as a Director or in any managerial or advisory capacity, (not including statutory compliance and audit) without the prior approval of the Board.

6.6 They must obey existing local, state, national, and international laws unless there is a compelling ethical basis not to do so.

6.7 They shall strive to achieve the highest quality, effectiveness and dignity in their work and must accept social responsibilities for their acts.

6.8 They shall always abide by the Code of Conduct, and shall be accountable to the Board for their actions/violations/default.

## **7. Status of Appointment**

7.1 You will not be an employee of the Company and this letter shall not constitute a contract of employment. 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 approved by the Shareholders from time to time. 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.

7.2 The sitting fees presently paid to the Non-Executive Independent Director is Rs. 40,000/- per meeting of the Board, Audit Committee Meeting and Nomination Compensation and Corporate Governance Committee respectively and Rs. 15,000/- per meeting for other committees meeting.

## **8. Reimbursement of Expenses**

In addition to the remuneration described in paragraph 7 the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties.

## **9. Conflict of Interest**

9.1 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.

9.2 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 judgement that you are independent, this should be disclosed to both the Chairman and the Secretary.

## **10. Confidentiality**

All information acquired during your appointment is confidential to MAFIL and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock

exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by MAFIL.

Your attention is also drawn to the requirements under the applicable regulations and the MAFIL Share Dealing Code which concern the disclosure of price sensitive information and dealing in the securities of MAFIL. Consequently you should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Secretary.

#### **10. Evaluation**

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your appointment and re appointment on the Board shall subject to the outcome of the yearly evaluation process.

#### **11. Insurance**

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

#### **12. Independent Professional Advice**

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

#### **13. Disclosure of Interest**

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

#### **14. 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.

## **15. Governing Law**

This agreement 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.

Thanking you,  
Yours Faithfully,  
For and on behalf of Manappuram Finance Limited

Sd/-  
V. P. Nandakumar  
MD & CEO  
01/08/2014