Code of Conduct for Independent directors

Digamber Capfin Limited

Document Control Page

Document Name	:	**Digamber Capfin Limited – Code of Conduct for Independent directors**
Policy Version		**1.8**

Document Owner	**:**	**Compliance Department-Digamber Capfin Limited**
Reviewed By	**:**	**Board of Directors**
Approved By	**:**	**Board of Directors**

Classification	**:**	**Internal Use Only**
Distribution List	**:**	**Digamber Capfin Limited**

Revision History	
Dates	**Status**
2016-2017	**Approved**
31.03.2018	**Reviewed**
24.08.2019	**Reviewed**
05.09.2020	**Reviewed**
24.08.2021	**Reviewed**
26.05.2022	**Reviewed**
18.11.2023	**Reviewed**
25.02.2025	**Reviewed**
13.03.2026	**Reviewed**

Table of Contents

PREFACE 3
DEFINITIONS 3
I. GUIDELINES OF PROFESSIONAL CONDUCT 4
II. ROLE AND FUNCTIONS 5
III. DUTIES 6
IV. MANNER OF APPOINTMENT 7
V. RE-APPOINTMENT 8
VI. RESIGNATION OR REMOVAL 8
VII. SEPARATE MEETINGS 9
VIII. EVALUATION MECHANISM 9
AMENDMENT 9
POLICY REPEALABLE 11
ANNEXURE -1 12

PREFACE

Section 149(4) of the Companies Act, 2013 requires every listed public company shall have at least one-third of the total number of directors as independent directors and the Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.

Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 has prescribed following class or classes of companies shall have at least two directors as independent directors:

(i) the Public Companies having paid up share capital of ten crore rupees or more; or

(ii) the Public Companies having turnover of one hundred crore rupees or more; or

(iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees:

Provided that in case a company covered under this rule is required to appoint a higher number of independent directors due to composition of its audit committee, such higher number of independent directors shall be applicable to it:

Provided further that any intermittent vacancy of an independent director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later:

Provided also that where a company ceases to fulfil any of three conditions laid down in sub-rule (1) for three consecutive years, it shall not be required to comply with these provisions until such time as it meets any of such conditions;

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, Digamber Capfin Limited ("the Company") hereby adopts this Code for Independent Directors, as prescribed in Schedule IV of the Companies Act, 2013 in order to guide the professional conduct of its Independent Directors.

Adherence to these standards by Independent Directors of the Company and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors.

DEFINITIONS

a) "Act" means the Companies Act, 2013 and rules made there under (as amended);

b) "Board" means the Board of Director of the Company for the time being in force;

c) "Committee" means a Committee of Directors mandatorily required to be constituted by the Board under the Act;

d) "Director" means person appointed as Director on the Board of the Company pursuant to the applicable provision of the Act;

e) "Executive Director" means person appointed as Managing Director, Whole-Time Director, Executive Director and holding office as such pursuant to the applicable provision of the Act;

f) "Employees" means and includes person who is confirmed for full time employment of the Company time to time and are on the payroll of the Company;

g) "Independent Director" means Directors as defined in section 149 (6) of the Act;

h) "Company" means Digamber Capfin Limited;

i) "Key Managerial Personnel" or "KMP" means persons as defined in Section 203(1) of the Act and as appointed in the employment of the Company;

j) "Performance Evaluation" means an annual evaluation of performance of the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

k) "Senior Management" or "Management" means personnel in employment of the Company who are members of core management team excluding Directors comprising all members of management one level below the executive directors, including the KMP, Functional Head and Business Unit Heads;

l) "Vigil Mechanism" means the Board approved Vigil Mechanism/Whistle Blower Policy of the Company.

I. GUIDELINES OF PROFESSIONAL CONDUCT

The Independent Director(s) of the Company shall:

1) uphold ethical standards of integrity and probity;

2) act objectively and constructively while exercising his duties;

3) exercise their responsibilities in a bona fide manner in the interest of the Company;

4) devote sufficient time and attention to their professional obligations for informed and balanced decision making;

5) not allow any extraneous considerations that will vitiate their 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 their 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 independence;

8) where circumstances arise, which make an Independent Director lose independence, the Independent Director must immediately inform the Board accordingly;

9) assist the Company in implementing best corporate governance practices.

II. ROLE AND FUNCTIONS

The Independent Director(s) of the Company 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) scrutinize 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 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 recommending the 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 Director(s) of the Company 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/she or they is/are a member;

4) participate constructively and actively in 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 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 for Directors and Employees;

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.

IV. MANNER OF APPOINTMENT

The following process shall be followed for appointment of any new Independent Director on the Board of the Company:

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 there under and that the proposed director is independent of the management;

4) The appointment of independent directors shall be formalized 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.

Note: Draft of Appointment Letter enclosed as ANNEXURE -1

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.

V. RE-APPOINTMENT

The re-appointment of an Independent Director shall be on the basis of report of performance evaluation and due process as required under Law and this Code.

VI. RESIGNATION OR REMOVAL

1) The resignation or removal of an Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Act.

2) An Independent Director who resigns or is removed from the Board of the Company shall be replaced by a new Independent Director within a period of not more than three months (subject to amendment in law) from the date of such resignation or removal, as the case may be.

However, where the Company fulfills the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

VII. SEPARATE MEETINGS

1) The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of management;

2) All the Independent Directors of the Company shall strive to be present at such meeting;

3) At their separate meeting, the Independent Directors shall:

   a) review the performance of Non-Independent Directors and the Board as a whole;

   b) review the performance of the Chairperson of the company, taking into account the views of Executive Directors and Non-Executive Directors;

   c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. EVALUATION MECHANISM

1) The performance evaluation of Independent Director(s) shall be done by the entire Board of Directors, excluding the Director being evaluated.

   On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or

modification will be binding on the Independent Directors unless the same is approved by the Board of Directors of the Company.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down in this code, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions herein and this code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

POLICY REPEALABLE

I. This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any Applicable Law, statute or regulation, the same shall be Repealable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

II. This Policy shall be placed on the website of the Company at https://www.digamberfinance.com/corporate-governance/

ANNEXURE -1

DRAFT LETTER OF APPOINTMENT OF INDEPENDENT DIRECTOR

To,

The Director
Mr. / Ms.
Address:

We are pleased to inform you that the Board of Directors of the Company has approved your appointment as an Independent Director of the Company w.e.f._____. The terms and conditions of your appointment are as follows:

1. Appointment

i. Your appointment is subject to the maximum permissible Directorship that one can hold as per the provisions of the said Act.

ii. The term Independent Director should be construed as defined under the Companies Act, 2013 and accordingly all the provisions read with Schedule IV with respect to Independent Director under the said Act shall be applicable to you.

2. Committees *(If appointed member in any committee)*

The Board of Directors has appointed you as Member / Chairman of the following Committees of the Board viz;

a)
b)

The Board may nominate you in any other Committee(s) as it deems fit after seeking your approval. Being the member of the said committees, you will be governed by the applicable laws. Terms of reference of each of the Committee is annexed herewith for your reference.

3. Time Commitment

i. As a Non-Executive Independent Director, you are expected to bring objectivity and independence of 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 and Audit Committee meet at least four times in a year. Besides, there are other Committee meetings like NRC Committee and CSR Committee, which are ordinarily convened as and when required. You will be expected to attend Board and its Committee Meetings of which you are member and Shareholder's meeting and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

ii. 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. Role and Functions

i. 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;

ii. bring an objective view in the evaluation of the performance of Board and management;

iii. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

iv. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

v. safeguard the interests of all stakeholders, particularly minority shareholders;

vi. balance the conflicting interest of the stakeholders;

vii. determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommending the removal of Executive Directors, Key Managerial Personnel and Senior Management;

viii. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;

5. Status of Appointment

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid sitting fees as decided by the board per meeting of the Board or its Committee thereof from time to time. The sitting fees shall be subject to applicable taxes and statutory deductions like TDS.

6. Reimbursement of Expenses

In addition to the remuneration described in clause 5 the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you for attending the board or committee meetings of the company.

8. Confidentiality

All information acquired during your appointment is confidential 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 regulatory body. On reasonable request you shall surrender any documents and other materials made available to you by the company.

For your reference, a copy of the Board/Special resolution with an explanatory statement which contains terms and conditions of your appointment for the same position, as passed in the Board/Extra-Ordinary General Meeting of members held on_____is enclosed herewith.

For DIGAMBER CAPFIN LIMITED

Name:
(Designation)
DIN:

Encl.: As above stated

I hereby acknowledge receipt of and accept the terms set out in this letter.

Name:
(Independent Director)
DIN:

Digamber Capfin Limited

Address: J 54-55, Anand Moti, Himmat Nagar, Gopalpura, Tonk Road, Jaipur-302018, Rajasthan.