

Terms of appointment of Independent Directors – Mr. Dharmendra N. Soni and Mr. Devang M. Shah:

The Board of Directors in their meeting held on May 27, 2014 considered the profile of Mr. Dharmendra N. Soni and Mr. Devnag M. Shah for the appointment as the Independent Directors. The Board opined that they are person of integrity and also possess rich experience and expertise in the field of Corporate Management. Accordingly, the Board of Directors, pursuant to Section 149(6) of the Companies Act, 2013, Rules made there under and the listing agreement, have appointed them as Independent Directors with effect from May 27, 2014.

The terms and conditions of their appointment are as follows:

1. The term of appointment:

Appointment of each of the Independent Director is made for a period of 5 (Five) years with effect from May 27, 2014.

2. The expectations of the Board from the appointed Director:

- a) **Time Commitment:** The Company anticipates a commitment of sufficient time and attention as necessary in order to perform their duties under the appointment.
- b) **Strategy:** The Company expects that they will constructively challenge and contribute to the development of strategy.
- c) **Performance:** They shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- d) **Risk:** They should satisfy their self that the financial information is accurate and that financial controls and systems of risk management are robust and defensible.
- e) **Confidentiality:** They must apply the highest standards of confidentiality and not disclose to any person or Company (whether during the course of Appointment or at any time after its termination) any confidential information concerning the Company and any group Companies with which they come into contact by virtue of their position as a Non-Executive Independent Director of the Company.

3. Appointment in Board-level Committees and its tasks:

During the appointment they may be asked to serve on one or more of the Board Committees and they have been provided with copies of the terms of reference for each of those Committees.

4. The fiduciary duties that come with such appointment along with the accompanying liabilities:

- (a) They shall not breach any of the terms and conditions pertaining to Independent Directors as mentioned in the Companies Act, 2013 of the listing agreement or any other Act or Regulations.
- (b) They shall display utmost alacrity in approving financial statement.
- (c) They shall disclose interest in any of the contract or arrangements and also disclose the interest on periodical basis as required under law.
- (d) They shall strive to attend all meeting including Board, Committee and General Meetings. They shall actively participate in the meetings.
- (e) They shall not compromise or allow to compromise “Independence”

- (f) They shall not misuse the assets, property, information or any other matter that may be in possession, in the capacity as a Director of the Company.
- (g) They shall not engage in insider Trading activities.
- (h) They shall ensure compliance of all the laws of the land.

The above list is only indicative and not exhaustive.

Any breach of fiduciary duties would warrant civil and criminal action or both by the Company, its share holders, statutory authorities and others. The Companies Act, 2013, envisages huge penalties and imprisonment for such breaches. They are also exposed to Class Action Suit by Shareholders.

5. Provision for Directors and Officers (D and O) Insurance, if any.

As and when any proposal for D and O Insurance for the Directors and Officers will be considered, a detailed study will be made and the blue print shall be placed before the Board for further needful action.

6. The Code of Business Ethics that the Company expects its Directors and employees to follow:

The Company has formulated a detailed Code of Conduct for the Board of Directors and Senior employees of the Company. The Code of Conduct is also displayed in the Company's Website. A copy of the same is enclosed as **Annexure-1**. They shall annually affirm, in writing, the compliance with the code. Moreover they shall also abide by the Code for Independent Directors as contained in Schedule – IV to the Companies Act, 2013.

7. The list of actions that a Director should not do while functioning as such in the Company.

They shall not;

- i. misuse the information in their possession for personal gain.
- ii. Engage in any way (both directly or indirectly) with the competitors.
- iii. In any way indulge in activities which may be construed as conflict of interest.
- iv. Break any law of the land or indulge or provoke the co-directors or employees to do the same.
- v. Enter into any contract or arrangements wherein he is directly or indirectly interested.

The above list is only indicative and not exhaustive.

8. The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

The remuneration policy for non-whole time directors, including the Independent Directors, is reviewed by the Board or Committee constituted thereof. The Independent Directors shall receive the Sitting fees for attending the meeting of the Board as well as Audit Committee. The expenses incurred by the Directors for attending the Board or Committee Meetings or any other works are reimbursed.

9. Others:

The Appointment Letter is issued based on the Act, Rules and other Regulations prevalent at the time of appointment. Any change in appointment letter, shall automatically entail changes in the terms and conditions.

The Board or its Committee is empowered to review and change the terms and conditions of appointment. Any changes, thereof, will be informed to them accordingly.

(Annexure –I)

CODE OF CONDUCT

KIFS Financial Service Ltd (KFSL) commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, managerial and all other employees of the Company.

Consistent with its Values and Beliefs, KFSL has formulated the following Code of Conduct as a guide. The Code sets out the standards that each Director will adhere to whilst conducting their duties. The Code does not attempt to be comprehensive or cover all possible situations. It encourages the KFSL team to take positive actions, which are not only commensurate with the Values and Beliefs, but are also perceived to be so. KFSL expects all its employees to implement the Code in its true spirit and in case of any doubt or confusion, to consult his/her immediate superior, the Head of HR or the Business Head as relevant.

The Board of Directors adopted the following Code of Conduct and our Directors are expected to adhere to standards of loyalty, good faith, and the avoidance of conflict of interest that follow. In performing their functions, the Directors and all employees of the Company shall;

- Act honestly, diligently and in good faith and in the interest of the Company as a whole.
- Perform the functions of office and exercise the powers attached to that office with a degree of care and diligence that a reasonable person would exercise if they were a director in the same circumstances.
- Must not make improper use of information obtained by them in the course of their official duty, whether from the Company or otherwise, for personal gain, or use / allow the use of such information for the financial benefit for any other person or to cause detriment to the Company.
- Not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.
- Maintain the principle of need to know and also confidentiality of all material non-public information about the Company, its business and affairs.
- Comply with all applicable laws, rules and regulations. In order to assist the Company in promoting lawful and ethical behavior, they must report any violation of law, rules, regulations or the code of conduct to the Head, Human Resource or the designated Compliance Officer.
- Not to use their status to seek or accept any personal gains or favours from those doing or seeking to do business with the Company or from other employees of the Company.
- Not share any information regarding the Company, its business and / or affairs with media without the prior approval of the Business Head/Board.

In addition, in performing their Board and Board Committee Functions, the Directors shall;

- Comply with the Company's Insider Trading Code while trading in the Company's securities at any time.
- Comply with the spirit as well as the letter of the law and of the principles of this Code of Conduct and the Code of Conduct and Integrity policies framed by the Company from time to time.
- Not hold position of Director / Advisor with a Competitor Company.
- Inform the Chairman of changes in their interests that may interfere with their ability to perform their duties, and in the case of "Independent Directors", impact their independence as a Board Member.

Directors will annually affirm compliance with this Code. The Annual Report of the Company will contain a declaration to this effect signed by the Chairman/CEO.

The provisions of this Code can be amended and modified by the Board of Directors of the Company from time to time and all such amendments and modifications shall take effect from the date stated therein. All officers shall be duly informed of such amendments and modifications.

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendments thereto shall be posted on the website of the Company.