

**ELIGIBILITY CRITERIA OF DIRECTORS**

**AND**

**POLICY ON BOARD DIVERSITY**

**FROM FY 2018-19 ONWARDS**

## INTRODUCTION

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and RBI guidelines for NBFCs, the Nomination and Remuneration Committee of the Board (the "Committee") is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each annual general meeting and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

## Director Qualification Review Procedures

The Committee shall evaluate each director and director candidate under the Director Qualification Criteria set forth herein and recommend to the Board their appointment accordingly.

## Director Qualification Criteria

The Committee has not established specific education, and years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

In evaluating the suitability of individual Board members, the committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements.

Key Board Expertise/Skills/Competencies which can be taken into consideration by the Committee while nominating candidates to serve on Board shall be as under -

<b>Professional Competencies</b>	
Business and Management experience	Experience in, or is able to demonstrate knowledge or expertise in, sound management and operational business processes and practices in the private or public sector.
Legal, technology etc.	Exposure in handling regulatory and technology matters or providing legal/regulatory/technology advice and guidance to an organization
Risk Management	Knowledge and experience in enterprise risk management in the relevant industry and understanding of the Board's role in the oversight of risk management principles.
Strategic Planning	Ability to generate and apply strategic thinking in regard to the unique business insights and opportunities of relevance to the organization.
Board service	Experience in Board governance practices in private or public sector.

and Governance	Understanding of roles and responsibilities of Board of a Company and responsibilities as Director
HR	Experience in developing strategies or handling matter like development of talent and retention, succession planning and driving change and long term growth etc.
Finance	An understanding of financial statements and the accounting principles used by entities to prepare its financial statements; including the ability to assess the general application of such accounting principles in connection with the accounting for the company.
Banking	Experience in Credit/Treasury/ International Business etc. in banking industry.
Capital market	Strategic and operational understanding of the working of capital markets in order to provide oversight to management strategies.
Debt Market	Experience in driving Fixed Income, capital or any other market as may be permitted by Reserve Bank of India, from to time, with an understanding of diverse business environments, economic conditions, regulatory frameworks and a broad perspective on Indian and/or Global market opportunities.
Diversity (gender, ethnic or others)	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of clients, employees, governments and other stakeholders.
Leadership	Ability to inspire, motivate and offer direction and leadership to others.
Analytical and visionary	Ability and aptitude of showcasing analytical and visionary skills towards the organization in the long term. Ability to work as part of a team, and demonstrate the passion and time to make a genuine and active contribution to the Board
Commitment	Commitment to the organization, its Board, its culture, values and people

In addition, directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as a part of a team in an environment of collegiality and trust.

The Committee evaluates each individual with the object of having a group that best enables the success of the Company's business.

#### QUALIFICATIONS AND TENURE OF DIRECTORS AS PER COMPANIES ACT, 2013.

The Act has also prescribed certain criteria for qualification of directors, which has since been adopted by the Company i.e.:

**Section 196 and Schedule V (Part-I)** (for the appointment of Managing Director, Whole Time Director and Manager),

**Section 149** (for appointment of Independent Directors) and any other applicable provisions of Companies Act, 2013 and rules made thereunder.

*Further, a Director should not be disqualified in terms of Section 164 of the Act.*

## **WHAT CONSTITUTES INDEPENDENCE FOR DIRECTORS**

For a director to be considered Independent, the Board determines that the director does not have any direct or indirect material pecuniary relationship with the Company. The Board has adopted guidelines to determine independence, which are in line with the applicable legal requirements as stated in Section 149 of the Companies Act, 2013 and the rules made thereunder read with the Listing Regulations. The Company also obtains an annual undertaking from every Independent Director confirming that they meet the requirements of an Independent Director as per the Listing Regulations. The Independent Director shall also inform the Company about any change in the circumstances which may affect his status as an independent director

Apart from the provisions laid down under the Companies Act, 2013 and the Listing Regulations, the Board also considers all relevant facts and circumstances, not merely from the standpoint of the Directors but also from that of persons or organizations with which the director has an affiliation in forming an opinion on the independence of the concerned director(s).

The criteria of independence are provided in the Section 149 of the Companies Act, 2013 and in the Listing Regulations.

## **SUCCESSION PLANNING**

A planned programme of recruitment and retirement amongst board members and senior management is of significant importance.

It is an important part of the Board's work to ensure that there is adequate management development and succession planning particularly at the top levels. Succession planning also involves an assessment of the challenges and opportunities facing the Company, and an evaluation of the skills and expertise that will be needed in the future.

The Nomination and Remuneration Committee is to provide support on this. Both executive and non-executive requirements shall be considered. The Committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board and to senior management to maintain an appropriate balance of skills on the Board and in the Company.

In addition, the annual appraisal assessment process for all the employees including the senior management personnel has succession planning and employee progression as one of the key attributes.

The process is institutionalized in the Company's HR framework and by design; it is the responsibility of the superiors to identify the succession path and suggest the training and development of skill necessary for the Company executives or suggest new recruitment wherever gaps exist.

## **BOARD DIVERSITY**

In accordance with the requirements of the Listing Regulations, at least half of the Board shall comprise of Independent Directors. Further, at least one woman director (w.ef. 01.04.2020 one independent women director) should also be there.

The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in the areas that are relevant for the Company's global operations.

Thus the committee should strive for a diversified board consisting of executive and non-executive members (more of non-executive). At present, the Board consists of 2 executive members and 6 non-executive members.

The Board of the Company always strives to maintain equilibrium between the independent directors and non-independent directors.

## **GENERAL**

Any or all provisions of this Policy would be subject to revision/amendment in accordance with the guidelines etc. on the subject as may be issued by Government/regulatory bodies etc., from time to time.