

POLICY ON THE APPOINTMENT OF PERSON AS DIRECTOR AND EVALUATION OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL

The draft criteria for appointment of a person as a Director on the Board of Directors of the Company are given below:

1. APPOINTMENT OF DIRECTORS:

The Company shall appoint only those persons who possess formal qualification, relevant experience, proven track record, integrity etc.:

2. QUALIFICATIONS:

- Any person to be appointed as a Director on the Board of Director of the Company, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.
- Further, any Director who is proposed to be appointed as a member of the Audit Committee shall possess the following additional qualifications:
- All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

Explanation (i): The term “financially literate” means the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

Explanation (ii): A member will be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

3. EXPERIENCE:

Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment.

4. POSITIVE ATTRIBUTES:

The person to be appointed as a Director of the Company shall not only possess the relevant formal qualifications and experience but shall also possess attributes like integrity and proven track record and shall demonstrate commitment to the organization. For assessing integrity and suitability features like criminal records, financial position, and civil actions initiated to pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators or similar bodies, previous questionable business practices etc. shall be considered.

Any person to be appointed as Director shall not possess the disqualifications contained in Section 164 (1) of the Companies Act, 2013 viz.:

- He/she shall not be less than 21 years of age.
- He/she shall not be of unsound mind nor stand so declared by a competent court.
- He/she shall not be an un-discharged insolvent.
- He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
- He/she has not been convicted of an offense, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

5. REMUNERATION:

- i. The terms of employment and remuneration of MD, WTD, KMPs and SMPs shall be competitive in order to ensure that the Company can attract and retain competent talent.
- ii. The remuneration policy shall ensure that :
 - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/KMPs and SMPs of the quality to run the Company successfully.
 - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - c. Remuneration to directors, KMP and SMP involves a balance between fixed and variable pay reflecting short and long term performance and goals set by the Company.
- iii. While determining the remuneration and incentives for the MD/WTD and KMPs, the following shall be considered:
 - a. Pay and employment conditions with peers/elsewhere in the competitive market.
 - b. Benchmarking with industry practices.
 - c. Performance of the individual
 - d. Company performance
- iv. For the benchmarking with industry practice, criteria of size, complexity, data transparency and geographical area shall also be given due consideration.
- v. The pay structures shall be appropriately aligned across levels in the Company.

6. Training and Evaluation:

- a) The evaluation of performance of the Board, its Committees and individual Directors shall be carried out either by the Board or by an external agency appointed by the Board for the purpose. The evaluation of performance of the Independent Directors (IDs) shall also be carried out by the entire Board of Directors excluding the Director being evaluated.
- b) The evaluation shall be done in the manner and on the basis of the criteria laid down under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the guidelines as may be issued by the regulatory authorities from time to time.
- c)*Omitted*.....
- d) ***The Company shall familiarize the IDs with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc*
*** Amended vide circular no. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014*
- e) MD/Chief Executive Officer (CEO) shall carry out the evaluation of all the SMPs and KMPs, excluding himself/herself and the WTD
- f) The evaluation process adopted by the Company shall always consider the appropriate benchmarks set as per industry standards, performance of the industry, the Company and of the individual KMP/SMP.
- g) Evaluation of performance shall be carried out at least once in a year, in accordance with the existing evaluation process of the Company.
- h) Human Resource Department (HRD) shall be primarily responsible to identify training need for every KMP/SMP and prepare training calendar accordingly, in consultation with.

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