

MANAPPURAM ASSET FINANCE LTD

Policy on Board Composition and Fit and proper Criteria

We, Manappuram Asset Finance Ltd, believes that the corner stone of best governance practices is the board composition. The following policy on Board Composition and Fit and proper Criteria, is based on the Companies Act 2013 and guidelines on Fit and proper Criteria for Board members issued by RBI.

1. Definitions

Unless the context otherwise requires, the following words and expressions shall have the meaning provided herein

- i. **Act** - means the Companies Act, 2013 including any amendments and re-enactments as the case may be from time to time
- ii. **Board**- means the collective body of directors of the Company
- iii. **Committee**- means the committees of directors constituted by the Board
- iv. **Director**- means a director appointed on the board of the company
- v. **Fit and proper**- means the fit and proper criteria prescribed the Reserve Bank of India as an eligibility requirement to be satisfied by an individual to be appointed as a director of the company.
- vi. **Independent director**- means an independent director referred to in sub-section (5) of section 149 of the Companies Act, 2013.
- vii. **Nomination Committee**- means the Nomination and Remuneration Committee of the Board

II) Policy statements

1. Board Diversity

- 1.1 The board of directors of the company should have a fair combination of executive and non-executive directors with not less than 50 percent being non- executive directors.
- 1.2 The company shall maintain the strength of independent directors on its board keeping in mind the regulatory requirements and guide lines on Corporate Governance from time to time. The ratio of independent directors as per the present requirement is one third of the total strength of the board where the board is headed by a non- executive chairman and at least half of the board's strength in case the board is not headed by a regular non-executive chairman.
- 1.3 The vacancy caused by the demitting of office by an independent director in any manner shall be filled within a period of 3months or before the next board meeting whichever is earlier. However, this requirement will not be applicable in cases where the vacancy will not affect the minimum required strength of independent directors set under this policy or as per the statutory provisions/ regulatory requirements.
- 1.4 The company shall appoint directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the board and of the company. The desired diversity may be fixed by the nomination committee based on the nature of business of the company from time to time. The diversity of the total board may include the following;

Expertise in;

- i. Banking, Finance, Accountancy, Taxation
- ii. Governance, Regulatory background, Law and practice
- iii. Management, Administration
- iv. Engineering, Human resource, Subject of social relevance
- v. IT, Marketing

2. Assessment of independence & Fit and proper criteria.

- 2.1 While considering the appointment of an independent director, the nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act. The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board.
- 2.2 To achieve the above objectives, the board may obtain proper declarations from the appointee/ directors at the time of appointment and at such intervals as the board may deem fit.
- 2.3 In case of appointment of executive directors, non-executive directors or independent directors, the nomination committee and the board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India from time to time and maintains the position during their tenure in office. The company shall obtain the declarations in the manner prescribed by RBI as applicable to the company from time to time from all appointees and review the same.

3. Age and tenure of independent and non-executive directors.

- 3.1 The independent directors appointed in the company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act,
- 3.2. The company shall select persons normally with the maximum age of 75 years and the minimum age as prescribed by the provisions of Companies Act, 2013, and direction/guideline from RBI from time to time, for new appointments to the position of independent directors and non-executive directors.

111) *Applicability of Laws/ regulations/ guidelines*

Change in underlying laws/ regulations or guidelines may supersede the provisions of this policy. At any time if there is any amendment to the applicable laws or regulations or guidelines affecting the provisions of this policy, the policy shall be deemed as amended to the extend applicable and the amended provisions will take effect from the date of Change in the underlying laws/ regulations or guidelines.

IV) *Applicability of the policy*

The policy shall become effective from the date on which it is approved by the board.

V) *Amendment to the policy.*

The provisions of this policy may be amended by the board at any time on the recommendation of the nomination committee.