



**JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED**

**POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS  
JANUARY 2022**

## 1. Objective:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 (hereinafter referred to as “the Act”), the Nomination and Remuneration Committee of a company is required to formulate the criteria for determining qualifications, positive attributes and independence of a person proposed to be appointed as a Director on the Board of the Company.

This Policy accordingly records the criteria for selection and appointment of Directors on the Board of the Company.

## 2. Scope:

This Policy is applicable to selection and appointment of Directors on the Board of the Company.

## 3. Criteria for selection of Directors:

The Nomination and Remuneration Committee (hereinafter referred to as “**the Committee**”) of the Board of the Company may keep the following few criteria in mind while assessing the suitability of an individual as a director on the Board of the Company:

- Demonstrated independence, integrity, high personal and professional ethics;
- Ability & willingness to commit sufficient time to the responsibilities as Board member;
- Understanding of the Company’s business and related industry;
- Skills/expertise/competence required in relation to the business of the Company/Group companies and sector(s) for effective functioning;
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company;
- Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- Age giving sufficient experience as well as length of service available;
- Assessment of conflicts of interest, if any;
- Personal accomplishments, if any and ability to influence policies.

The above are the broad parameters for assessing the potential candidate’s suitability. The Committee may apply additional or different criteria as it may deem fit.

The Committee may also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate’s credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

#### **4. Appointment of Directors:**

The appointment of a Director shall be made in accordance with the applicable provisions of the Companies Act, 2013, as amended from time to time and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") and the applicable guidelines issued by the Reserve Bank of India. Following requirements shall be kept in mind while identifying and appointing a person on the Board of the Company.

- i) a person cannot serve as an Independent Director of more than seven equity listed company boards including the Company,
- ii) the Managing Director/the Whole Time Director of a company cannot serve as an Independent Director of more than three equity listed companies.
- iii) a person shall not be a director in more than seven equity listed entities.
- iv) for appointment of an Independent Director, the name of the person shall be included in the databank maintained by Indian Institute of Corporate Affairs.

The appointment will also be governed as per the terms and conditions stated in letter of appointment issued to each of the directors.

The Company may appoint or re-appoint any person as its Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be re-appointed earlier than one year before the expiry of their term.

An Independent Director can hold office for a term up to five consecutive years on the Board of the Company and he is eligible for re-appointment for a further period of five consecutive years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. If a person to be appointed/re-appointed as such has already attained/likely to attain the age of 75 years during his/her tenure, then the approval of the members through special resolution would be required.

No Independent Director can hold office for more than two consecutive terms of five years each, but such Independent Director is eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

No person shall be considered for appointment as a Director of the Company, if he/she exceeds the maximum number of directorships as prescribed under applicable laws.

The Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

Persons to be considered for appointment as Directors will be selected by the Nomination and Remuneration Committee in accordance with the policy and principles above and under the Act, the Listing Regulations and the RBI Guidelines before recommending the name(s) to the Board of Directors.

#### **5. Policy Review:**

This Policy shall be reviewed by the Committee to ensure compliance with any changes in the provisions of the Act or as may be prescribed by the Committee/Board. Any changes or modification to the Policy as recommended by the Committee would be placed before the Board of Directors for their approval.

In case of any amendments in the provisions of the Act, which makes any of the provisions in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.

**Place :**

**Date :**

**Chairman**