



**JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED**

**POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS**

**APRIL 2025**

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## **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 (the “**Committee**”) of a Company is required to formulate the criteria for determining the qualifications, positive attributes and independence of a person proposed to be appointed as a director on the Board of the Company.

This Policy document records the criteria for selection and appointment of directors on the Board of JM Financial Asset Reconstruction Company Limited (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 Committee of the Board of the Company may consider the following criteria, while assessing the suitability of an individual as a director on the Board of the Company:

- Demonstration of independence, integrity, high personal and professional ethics;
- Ability and 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 and the sector in which it operates 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 level and decision making process;
- Sufficient experience as well as length of service available;
- Ability to assess the conflict of interest, if any;
- Personal accomplishments, if any and ability to influence decisions.

## **4. Identification of individuals for appointment of independent directors:**

The Committee, while identifying the independent directors shall evaluate balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and accordingly make recommendation of such person to the Board who fulfills the requirement of such description.

The Committee shall while identifying the suitable candidates as stated above may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

The above are the broad parameters for assessing the candidate's suitability. The Committee has the discretion to apply additional or different criteria as it may deem fit.

## 5. Appointment of Directors:

The appointment of directors shall be made in accordance with the applicable provisions of the Act, Fit and Proper Criteria as provided in the RBI guidelines for Asset Reconstruction Companies and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**"). Following are some of the requirements which may be kept in mind while identifying and appointing a person on the Board of the Company.

- a) a person shall not hold the office of director in more than twenty (20) companies and the maximum number of directorships in public companies shall not be more than ten (10);
- b) a person shall not be a director in more than seven (7) listed entities;
- c) a person cannot serve as an independent director in more than seven (7) listed entities including the Company;
- d) the Managing Director and/or the Whole Time Director of a company cannot serve as an independent director of more than three listed entities;
- e) the name of the person being appointed as an independent director shall be included in the databank maintained by Indian Institute of Corporate Affairs.

The listed entities as referred in (b) to (d) above means those entities, which are equity listed and/or which fall within the definition of the high value debt listed entities (HVDLEs) as prescribed under the Listing Regulations.

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

The Company may appoint or re-appoint any person as the 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.

However, the post of the MD/ CEO or WTD shall not be held by the same incumbent for more than fifteen years continuously. Thereafter, the individual shall be eligible for re-appointment as MD/ CEO or WTD in the same ARC, if considered necessary and desirable by the Board, after a cooling period of three years, subject to meeting other conditions and during this cooling period he/she shall not be appointed or associated with the ARC in any capacity, either directly or indirectly. No person shall continue as MD/ CEO or WTD beyond the age of 70 years.

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 are selected by the Committee in accordance with the above principles and under the Act, the Listing Regulations and the RBI Master Direction before recommending the name(s) to the Board of Directors.

## **6. Approval from Members:**

All appointment/re-appointment/removal of an Independent Director, shall be subject to the approval of members of the Company by way of a special resolution and in accordance with the applicable provisions of the Listing Regulations.

An Independent Director can hold office for a term up to five consecutive years on the Board of the Company and he/she is eligible for re-appointment for a further period of five consecutive years and disclosure of such appointment in the Director'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.

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.

In case of appointment of a person on the Board, the approval of the members of the Company is required to be obtained at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

## **7. Amendment/Review:**

This Policy shall be reviewed by the Committee to ensure compliance with any changes in the provisions of the Act, the Listing Regulations 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 or the Listing Regulations, which makes any of the provisions in the Policy inconsistent with the Act or the Listing Regulations, then the provisions of the Act or the Listing

Regulations would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.

**Place: Mumbai**

**Date:**

**Chairman**