



POLICY ON DIVERSITY OF THE BOARD OF DIRECTORS

Version	2.0
Owned By	Head - Legal
Approved By	Board of Directors
Effective date	June 1, 2020

1. Introduction

The Securities and Exchange Board of India (“SEBI”) has issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Regulations”) which requires every listed company whose: (a) paid up equity share capital exceeds INR 10,00,00,000 (Rupees Ten Crores) and net worth exceeds INR 25,00,00,000 (Rupees Twenty Five Crores), as on the last day of the previous financial year; and (b) Specified Securities (*defined hereinafter*) are listed on a Stock Exchange, to *inter alia* formulate a policy on the diversity of its board of directors, to promote diversity in terms of thought, experience, knowledge, perspective and gender in the board of the company. Accordingly, Capital India Finance Limited (“Company”) has adopted this policy on diversity of the board of directors (“Policy”), to ensure diversity in board of directors of the Company (“Board of Directors” or “Board”).

2. Objective

A diverse Board will *inter alia* contribute towards achievement of the Company’s long term objectives and strategy by:

- a) complementing and expanding the skills, knowledge and experience of the Board as a whole;
- b) enhancing the quality of decision making and ensuring better business performance;
- c) encouraging the diversity of perspectives thereby fueling creativity and innovation; and
- d) making corporate governance more effective overall.

3. Definitions

In this Policy, unless there is anything in the subject or context inconsistent therewith, the capitalized terms listed below shall have the following meanings:

“Act” shall mean the Securities and Exchange Board of India Act, 1992.

“Committee” shall mean the nomination and remuneration committee of the Board, formed in accordance with the provisions of Section 178 of the Companies Act, read with the rules made thereunder, and Regulation 19 of the Regulations.

“Companies Act” shall mean: (i) the Companies Act, 2013 and the rules made (to the extent in force on the relevant date); and (ii) the Companies Act, 1956 and the rules made (to the extent in force on the relevant date), there under, each, as amended from time to time.

‘Specified Securities’ shall mean equity shares and convertible securities as defined under clause (zj) of sub-regulation (1) of Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

“Stock Exchange” shall mean a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956.

4. Interpretation

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Regulations, the Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, or the Companies Act and the rules and regulations made thereunder, as the case may be or in any amendment thereto.

5. Policy Statement

This Policy is framed with the intent of embracing the importance of a diverse Board which will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, knowledge etc. of the members of the Board, which is necessary for achieving sustainable and balanced growth of the Company.

6. Role of the Committee in Nomination and Appointment

The Committee shall be responsible for reviewing and assessing the composition and performance of the Board, *inter-alia* ensuring diversity within the Board by identifying and recommending appropriately qualified persons to ensure diversity of thought, perspective, experience, knowledge, skill, gender and expertise.

While considering and recommending appointment of directors on the Board as well as while evaluating the Board and the individual directors, the Committee shall, in addition to merit of the proposed members, also give importance to the benefits of diversity including but not limited to the attributes being diversity in thought, experience, knowledge, perspective and gender.

The Committee shall strive to ensure that no person is discriminated against on grounds of race, gender, thought, perspective, religion, pregnancy, childbirth, ancestry, marital status, age, sexual orientation, or any other personal or physical attributes, while making decisions in relation to the above matters.

Accordingly, the Committee shall:

- a) give importance to diversity of thought, perspective, experience, knowledge, skill, gender and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
- b) ensure that the selection process is transparent and non-discriminatory,
- c) in relation to appointment of members to the Board, make such recommendations, so as to maintain diversity of thought, perspective, experience, knowledge, skill, gender and expertise, and
- d) review the Policy periodically and bring to the notice of the Board, requirements, if any, in relation to diversity on the Board.

7. Adequate Information to the shareholders

Considering that the shareholders of a company also play an important role in the appointment of directors on the board of a company, to ensure that the shareholders of the Company are able to make informed decisions in this regard, the shareholders shall be provided with sufficient information (including qualifications and characteristics) about each Board member / proposed Board member.

8. Conflict

This Policy shall stand amended in the event of any conflict / repugnancy between the provisions of this Policy and applicable laws and such applicable law shall prevail over this Policy, to the extent of conflict / repugnancy. The part(s) so conflicting / repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

9. Disclosure of the Policy

This Policy will be posted on the Company's website. The necessary disclosure about the Policy will also be made as per requirements of the Regulations.