



¹TRUCAP FINANCE LIMITED

**APPOINTMENT AND
EVALUATION POLICY**

¹Logo and Change in Name of the Company pursuant to Change in name of the Company w.e.f. August 03, 2022.

VERSION CONTROL

Sr. No.	Details of Changes	Date of Creation/Change	Department	Version No	Approved By
1.	Original Document	-	Corporate Secretarial and Compliance	V.1	Board of Directors
2.	Logo and Name Change of the Company	August 03, 2022	Corporate Secretarial and Compliance	V.2	-

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Appointment and Evaluation Policy

1. Scope

- 1.1 This Policy on Appointment and Evaluation of Directors and the Board (**Appointment and Evaluation Policy**) sets out the criteria for appointment of Directors, KMP and/Senior Management recommend to the Board the remuneration of the Directors, KMP and Senior management and evaluating the performance of directors, the board of directors of the Company (**Board**) and committees of the Board, as required by the provisions of the Companies Act, 2013 (**Act**), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI Regulations**), applicable provisions of the Master Directions issued by Reserve Bank of India (“RBI”) and other applicable laws, rules and guidelines.
- 1.2 The Policy applies to and covers Directors, the Board and Board committees, Key Managerial Personnel and/or Senior Management.
- 1.3 The Nomination and Remuneration Committee (**NRC**) shall be constituted as per the provisions of the Act and SEBI Regulations and shall have the right to review this Evaluation Policy from time to time and make suitable modifications, subject to approval of the Board.

2 Responsibility of NRC and Board

The NRC and the Board shall be responsible for ensuring that any person proposed to be appointed on the Board of the Company/continues on the Board of the Company shall be fit and proper to be acting on the Board of the Company.

2.1 Appointment, Removal and Retirement of Directors (including Independent Director)

a) Appointment Criteria and Qualifications

A person proposed to be appointed as a Director, Key Managerial Personnel or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC evaluate and recommend the appointment basis various information, undertaking, disclosures obtained from the Director under various Acts/Regulations/Directions ensuring that the Directors are fit and proper to be appointed on the Board of the Company.

(i) Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company’s business and shall have fit and proper status for the proposed appointed.

(ii) Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

b) Removal of Director, KMP or Senior Management

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or senior management personnel subject to the provisions and compliance of the Companies Act, Rules and Regulations.

c) Retirement

The Director, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, senior management personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

2.2 Remuneration

(i) Directors:

a) Executive Directors (Managing Director, Manager or Whole Time Director):

- (i) At the time of appointment or reappointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013, SEBI Regulations and other applicable laws.
- (ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.
- (iii) The remuneration of the Manager / Chief Executive Officer / Managing Director / Whole Time Director is broadly divided into fixed and incentive pay reflecting short term and long-term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:
 - the relationship of remuneration and performance benchmark;
 - balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - responsibility required to be shouldered, the industry benchmarks and the current trends;
 - The Company's performance vis-à-vis the annual budget achievement and individual performance

b) Non-Executive Director:

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.

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- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- (vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

(ii) KMP & Senior Management Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

- a. Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- b. Compensation should be reasonable and sufficient to attract, retain and motivate KMP and Senior Management Personnel;
- c. Remuneration payable should comprise a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the Company;
- d. Remuneration shall be also considered in the form of long-term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPs.

3. Evaluation of Directors (including Independent Directors), Board and Committees of the Board

The Chairman of NRC and the Board shall initiate the process to carry out the performance evaluations of the Directors (including Independent Directors), Board committees and the Board as a whole on an annual basis in accordance with the criteria set out this policy by following such method as they deem appropriate considering the provisions of the Act and SEBI LODR Regulations. The Chairman of Board shall initiate the process to carry out the performance evaluations of the Chairman of NRC. Similarly, the Chairman of NRC shall initiate the process to carry out the performance evaluations of the Chairman of Board. A person being appointed as Director should possess adequate qualification, expertise and experience for the position he / she is considered for appointment.

3.1 The Chairman of NRC and the Board shall prepare evaluation report and forward the same to all Board Members on or before April 20 in every financial year for the preceding financial year.

3.2 On receipt of the performance evaluation report, the Board shall undertake the following:

- a) Review the said performance evaluation report together with any suggestions on improving the effectiveness of the Board, its committees and directors;
- b) Set performance objectives for directors, consistent with the varying nature and requirements of the Company's business and strategies, as deemed applicable or relevant;
- d) Approve payment of commission payable to eligible directors of the Company based on the said performance evaluation report; and

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- e) Recommend appointment / reappointment of directors to the shareholders.
 - f) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- 3.3 The performance evaluation shall be conducted in a fair, transparent and objective manner. In case of evaluation of individual directors, the concerned director who is being evaluated shall be excluded from the relevant evaluation team of the Board or NRC as the case may be.
- 3.4 Without prejudice to the foregoing, as required by the relevant provisions of the Act, Independent Directors of the Company shall:
- a) review the performance of non-independent directors and the Board as a whole;
 - b) review the performance of the Chairman of the Board, taking into account the views of executive directors and non-executive directors; and
 - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

4 Evaluation Factors

4.1 The following broad parameters shall be considered for the purposes of evaluating the performance of each director and the Board and its committees.

A. Parameters for evaluating the performance of the Board

- Development of suitable strategies and business plans at appropriate time and its effectiveness;
- Implementation of robust policies and procedures;
- Size, structure and expertise of the Board;
- Oversight of the Financial Reporting Process, including Internal Controls;
- Willingness to spend time and effort to learn about the Company and its business; and
- Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions.

B. Parameters for evaluating the performance of the Committee(s)

- Discharge of its functions and duties as per its terms of reference;
- Process and procedures followed for discharging its functions;
- Effectiveness of suggestion and recommendation received;
- Size, structure and expertise of the Committee; and
- Conduct of its meetings and procedures followed in this regard.

C. Parameters for evaluating the performance of the Director(s)

- Participation at the Board / Committee meetings;
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintenance of confidentiality;

- Independence of behaviour and judgment; and
- Impact and influence.

In addition to the above parameters, which shall be common for evaluation to both Independent and Non- executive directors, an Independent director shall also be evaluated on the following parameters:

- Exercise of objective independent judgment in the best interest of Company;
- Ability to contribute to and monitor corporate governance practice; and
- Adherence to the code of conduct for independent directors.

D. Parameters for evaluating the performance of the Chairman of the Board

- Managing relationship with the members of the Board, management and other stakeholders;
- Demonstration of leadership qualities;
- Relationship and communication within the Board;
- Ease of raising of issues and concerns by the Board members; and
- Personal attributes i.e. Integrity, Honesty, knowledge etc.

In addition to the above parameters, the performance of the Chairman shall be evaluated on the evaluation parameters applicable to both Independent and Non- executive directors.

E. Parameters for evaluating the performance of the Managing Director / Executive Director

- Achievement of financial/business targets prescribed by the Board;
- Developing and managing / executing business plans, operational plans, risk management, and financial affairs of the organization;
- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- Development of clear mission / vision statements, policies, and strategic plans that harmoniously balance the needs of shareholders, clients, employees, and other stakeholders;
- Establishment of an effective organization structure to ensure that there is management focus on key functions necessary for the organization to align with its mission; and
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders.

4.2 Rating Scale: The ratings shall be based on the scales as may be decided by the Chairman of the Board and NRC.

5. Fit and Proper Status on Continuous Basis

As per the applicable provisions of the Master Directions, basis the annual disclosures, other declarations and confirmations received from the Directors of the Company, the NRC and the Board shall evaluate and ascertain on whether the Directors continue to remain fit and proper on continuing basis.

6. Review/Revision of Policy

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory

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Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.