POLICY ON EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

Legal and Secretarial

Svatantra Microfin Limited

Document Metadata

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DEFINITIONS AND INTERPRETATION

1 DEFINITIONS

"**Applicable Laws**" shall mean all applicable laws, statutes, enactments, acts of central or state legislature, ordinances, rules, regulations, notifications, guidelines, directions, directives, policies, circulars, decisions and any other pronouncements issued in accordance with the Companies Act, SEBI Act, SEBI Listing Regulations or any other law applicable to the jurisdiction of India by any central, state, local, or other governmental, administrative or regulatory authority exercising executive, legislative, judicial, regulatory or administrative functions;

"**Board**" shall mean the board of directors of Svatantra Microfin Limited;

"**Code of Conduct**" shall mean the code of conduct for Directors as formulated by Svatantra Microfin Limited;

"**Companies Act**" shall mean Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

"**Company**" shall mean Svatantra Microfin Limited;

"**Director**" shall mean a director on the Board of the Company;

"**Independent Director**" shall mean an independent director as defined under section 2(47) to be read with Section 149 of the Companies Act;

"**NRC**" shall mean the Nomination and Remuneration Committee of the Board of Directors, constituted under the provisions of Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations.

"**Policy**" shall mean this Policy for the Evaluation of Performance of the Board of Directors of the Company, as amended from time to time;

"SEBI Act" shall mean the Securities and Exchange Board of India Act, 1992, as amended from time to time;

"**SEBI Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

2 INTERPRETATION

Unless defined expressly herein, all capitalised terms used in this Policy shall have the meanings assigned to them under the Companies Act, SEBI Act and rules and regulations thereunder. In the event of any conflict between this Policy and Applicable Laws, the Applicable Laws shall prevail. Any amendment/modification to the Applicable Laws shall automatically apply to this Policy to the extent applicable.

BACKGROUND AND OBJECTIVES

3 OBJECTIVES

The objective of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the Board. The purpose of such evaluation framework is to *inter alia* facilitate the identification of the areas of concern, create awareness about the role of Directors individually, and collectively as a Board, and to steer the Board in the direction of achieving the Company's mission and vision. Further, the Company shall adopt best practices to manage the affairs of the Company in a seamless manner and ensure sustained long-term value creation for stakeholders by achieving good corporate governance.

The Company believes in managing its affairs in a fair and transparent manner with the goal of ensuring that the Board as a whole, its committees and individual Directors work effectively, with the highest standards of honesty, integrity, and professionalism towards advancing the strategic and commercial success of the Company.

The Company recognises the role of good governance practices in enhancing value creation for shareholders and fulfilling responsibilities towards stakeholders, and the Board is expected to adhere to such standard. Accordingly, this Policy sets out the processes and criteria for the evaluation of the performance of:

a. The Board as a whole;

b. The committees of the Board; and

c. Individual Directors (including Independent Directors and the chairperson of the Company ("**Chairperson**")).

FRAMEWORK FOR PERFORMANCE EVALUATION

4 ROLE OF THE NRC

As per the provisions of the Companies Act and SEBI Listing Regulations, the NRC shall *inter alia* perform the following functions:

a. The NRC shall formulate criteria for evaluation of performance of Independent Directors and the Board;

b. The NRC shall specify the manner for effective evaluation of the performance of the Board, its committees and individual Directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance; and

c. The NRC shall recommend to the Board whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of such Independent Directors.

5 METHODOLOGY:

An evaluation form has been created to evaluate performance of:

- Board of Directors
- Managing Director
- Independent Director
- Non-Executive & Nominee Director
- Committees
- Chairperson

In each evaluation form, separate trait/attribute have been identified under which Board/Committee/Board Members need to be evaluated. Under each trait/attribute, several questions have been designed which need to be evaluated by the evaluator based on following five options:

- 0 – Not relevant/not applicable
- 1 – Strongly Disagree
- 2 – Disagree
- 3 – Agree
- 4 – Strongly Agree

Following table showcases who will be evaluating whom:

Category	Evaluator
Board of Directors	All Board members except self
Independent Director	All Board members except self
Committee	All Board members
Chairperson	All Board members except Chairperson

The evaluator needs to select the most appropriate option pertaining to each trait/attribute of the Board/Committee/Board members being evaluated.

The said evaluation will be conducted on an annual basis post completion of the financial year to be evaluated

6 GENERAL

The responsibility of the performance evaluation as prescribed in this Policy lies with the chairperson of the NRC, who will be supported by the company secretary of the Company for administration and compliance of this Policy.

In accordance with the requirement under the Companies Act, read with the rules made thereunder, and the SEBI Listing Regulations, disclosure regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various committees of directors and individual directors' performance will be made by the Board of Directors in the Board's Report.

7 AMENDMENT AND REVIEW

The policy will be subject to review after a period of two years. This Policy may be amended, modified or supplemented by the NRC as required and recommended to the Board for its approval, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and any other guidelines issued by the regulatory authorities or as may be otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The NRC and/or Board may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

The policy shall be disclosed on the website of the Company.