

India Debt Resolution Company Limited (IDRCL)

Nomination and Remuneration Policy

6. Nomination and Remuneration policy

A. Objectives

The objective of the Nomination and Remuneration policy is to inter alia lay down matters relating to the terms of appointment of directors, KMPs (Key Managerial Personnel) and senior management, to set out certain guiding principles for matters relating to remuneration for directors, KMPs senior management and other employees and to fulfil the statutory obligations of the Nomination and Remuneration Committee (“NRC”) of the Board under CA2013. The Nomination and Remuneration policy is formulated to attract, motivate and retain best human talent in a competitive market.

The other object of the Nomination and Remuneration policy is to have an effective Board with balance composition, size, competence and qualification and commitment to discharge its duties and responsibilities adequately.

The NRC shall formulate the Nomination and Remuneration policy and recommend to the Board for approval. Any amendments to this policy shall be considered by the NRC and recommended to the Board.

B. Nomination and Remuneration Committee (NRC)

i. Constitution

The NRC shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors, provided that the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of this committee but shall not chair the NRC. The composition and representation (or a change thereof) would also be governed by the Investment Agreement.

ii. Frequency of meetings

The meeting of the NRC shall be held at such regular intervals as per the requirements under applicable laws.

iii. Quorum

Minimum two (2) members present shall constitute quorum. The NRC members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the act / applicable rules.

iv. Term

The term of the NRC shall be continued unless terminated by the Board. This would also be governed by the Investment Agreement.

v. Voting

The matters at NRC meetings shall be decided by a majority of votes of members present and voting and any such decision shall be deemed to be decision of the NRC.

vi. Functions

- To identify persons who are qualified to become directors and who may be appointed in senior management and to recommend to the Board their appointment and removal.

- To carry out evaluation of the performance of each director and provide necessary report to the Board.
- To recommend criteria for determining qualifications, positive attributes and independence of a director.
- To recommend to the Board a policy for the remuneration for the directors (including Sitting fees), key managerial personnel and senior management. The NRC shall, while formulating the said recommendation, to ensure that –
 - the level and compensation of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to directors, KMPs, senior management and other employees involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- To formulate and recommend the Nomination and Remuneration policy to the Board for approval.
- To frame Code of Conduct for directors & KMP

C. The Board of Directors (BOD)

i. Constitution

The Board shall be constituted to comprise of up to 8 (eight) members, who shall be nominated and/or appointed (as the case may be) in the following manner (as set out in the Investment Agreement executed by the Company and its shareholders dated [March 08, 2022], as may be amended from time to time (“Investment Agreement”):

- at least 1 (one) Independent Chairman shall be appointed to the Board.
- at least 2 (two) Independent Directors shall be appointed to the Board.
- SBI shall be entitled to nominate 1 (one) nominee Director, who shall be appointed on a permanent non-retiring, non-rotating basis.
- NARCL shall have the right, but not an obligation, to nominate 1 (one) non-executive Nominee Director, who shall be appointed on a permanent non-retiring, non-rotating basis; and
- the Managing Director (MD) & CEO of the Company; and
- the remaining 2 (two) Directors shall be appointed as nominees of either of ICICI Bank Limited, Axis Bank Limited, IDBI Bank Limited and HDFC Bank Limited on a rotation basis as per the Investment Agreement.

ii. Frequency of meetings

The meeting of the Board shall be held at least once in a calendar quarter and at such regular intervals, not exceeding 120 days, as may be required for functional needs and to meet the regulatory/statutory requirements.

iii. Quorum

The quorum of the Board meeting must be in accordance with CA2013, or any other applicable laws and the provisions of the Investment Agreement, as applicable. The Board members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the act / applicable rules.

iv. Term

The term of the Board members shall be in compliance of the applicable laws, including the CA2013.

v. Voting

The matters at Board meetings shall be decided by a majority of votes of members present and voting and any such decision shall be deemed to be decision of the Board. This must be in accordance with the CA2013 and in case of conflict, the statutory/regulatory provision must be upheld.

vi. Chairperson of the Board

The Chairperson of the Board or in his absence, any member of the Board authorised by the Chairperson on his behalf, shall attend the general meetings of the Company. This must be in accordance with the CA2013 or any other applicable laws.

D. Policy on appointment and removal of directors, key managerial personnel (KMP) and senior management

The Board shall be responsible for appointment of directors, KMPs and senior management and may consider recommendations of NRC.

i. Appointment criteria and qualifications

▪ **Director:**

- The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director and recommend to the Board his / her appointment. The person shall not be disqualified to act as Director under Section 164 of the CA2013.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- Appointment of independent directors is subject compliance of provisions of Section 149 of the CA2013, read with Schedule IV and rules thereunder.
- The appointment of all director of the Board shall be in accordance with the applicable law and contractual commitments

▪ **KMP/ Senior management:**

The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a KMP / senior management and recommend to the Board his / her appointment. The appointment shall be in compliance with the applicable statutory provisions.

- **Code of Conduct**

All the Directors, KMPs and senior management have to periodically confirm to the Code of Conduct as per **Annexure 2**.

ii. **Term / tenure**

- **Managing director (MD) / whole-time director/ executive director:**

Subject to the provisions of the act / applicable rules, the Company shall appoint or re-appoint any person as its MD or whole-time director / executive director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term. The age criteria of MD/ whole-time director/ executive director shall be as per the CA2013.

- **Independent director:**

Subject to the provisions of the act / applicable rules, an Independent director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent director shall hold office for more than two consecutive terms, but such Independent director shall be 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. If the appointment of an Independent director is made for a term of less than consecutive five years, then such term (whether for five years or less) will be treated as one term. The age criteria of Independent director shall be as per the CA2013.

- **Nominee Director**

The term and tenor of the Nominee Director would be as per the Investment Agreement and the Articles of Association of the Company.

- **KMP, senior management and other employees**

The tenure of KMP, senior management personnel and other employees shall be as per their respective employment contract.

iii. **Evaluation**

The NRC shall carry out evaluation of performance of every Director and provide necessary report to the Board.

The performance evaluation of the independent directors shall be done by the Board of Directors, excluding the director being evaluated. The criteria for performance evaluation form has been set out in **Annexure 3**.

The independent directors of the Company shall hold at least one separate meeting in a year inter alia to review the performance of non-independent directors and the Board as a whole in accordance with the provisions of the act/ applicable rules.

The MD shall do the performance evaluation of the other KMPs, senior management and other employees at least once in every financial year and recommend to NRC and the Board accordingly.

iv. Disqualifications for appointment of Directors

Pursuant to section 164 of the CA2013, a person shall not be eligible for appointment as a director of a company if:

- He is of unsound mind and stands so declared by a competent court.
- He is an undischarged insolvent.
- He has applied to be adjudicated as an insolvent and his application is pending.
- He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence, provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company.
- An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force.
- He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- He has not complied with sub-section (3) of section 152 of CA2013
- No person who is or has been a director of a company which:
 - has not filed financial statements or annual returns for any continuous period of three financial years; or
 - has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

v. Removal and resignation

Due to reasons for any disqualification mentioned in the act or under any other applicable act / rules / relevant law, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or senior management subject to provisions and compliance of the said act / rules / relevant law.

Similarly, acceptance or otherwise of resignation by any Director can be recommended by NRC to the Board, whereas resignation of KMPs can be accepted by the NRC. The resignation of senior management and functional heads can be accepted by MD.

vi. Retirement

The KMP and senior management shall retire, as per their employment contract.

The Board will have the discretion to retain the KMP, senior management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, basis recommendation of NRC.

E. Remuneration payable to directors, KMPs and senior management.

i. General

The remuneration of directors shall be subject to ceiling/ limits as provided under the Act and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the NRC and approved by the Board. The remuneration payable to a Whole-Time Director shall be inclusive of the remuneration payable to him/her for the services rendered by him/her in any other capacity, unless otherwise permitted under applicable law.

ii. Remuneration to Managing director / Whole-time director / Executive director

The Managing director / Whole-time director / Executive director shall be eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the committee and the Board of Directors. The total fixed pay and benefits shall be as approved by the Board and in line with the pay and benefit structure approved for such directors of the Company. The fixed pay shall be recommended by the NRC. The variable component shall include annual variable pay and long term incentives as approved by the Board from time to time. The remuneration shall at all times be within the overall remuneration, as per CA2013 or any other act as applicable and as approved by the shareholders.

iii. Remuneration to Independent Director/ Chairman of the Board/ Committee

The Independent Directors (ID) of the Company shall be paid sitting fees for attending the meetings of Board, Board committee(s), Independent Directors' meeting or any other statutory compliance meeting as approved by the Board pursuant to the proposal by NRC. NRC shall recommend to the board the sitting fees payable to such directors periodically for approval. For participation in the Board/ Board committee meetings, the Independent Directors shall be entitled to reimbursement of travelling expenses as well as the stay arrangements, which will be provided by the Company.

iv. Remuneration to Nominee Director: -

The remuneration (Sitting fees and/or other benefits) payable to a Nominee Director (excluding who are in full time employment/ service contract with the nominating shareholders) will be same as approved for Independent Director. Whereas other Nominee Directors are concerned, they are not entitled for any remuneration or sitting fees or incentives. For participation in the Board/ Board committee meetings, the Nominee Director(s) shall be entitled to reimbursement of travelling expenses as well as stay arrangements, which will be provided by the Company.

v. Quantum of sitting fees

The quantum of sitting fees will be determined as per recommendation of the NRC and approved by the Board. The sitting fee payable will be subject to applicable tax deduction at source.

vi. Remuneration to KMP (excluding MD), senior management and other employees

The remuneration of KMP (excluding MD), senior management and other employees shall be based on the pay and benefit structure approved by the NRC/ Board. Annual / periodic increments to the existing remuneration or revision in the compensation structure may be recommended by NRC to the

Board for approval. The variable component of the remuneration shall be based on the performance of the individual and the performance of the Company. The variable component for the KMP (excluding MD) and senior management shall include long term incentives as approved by the Board under the recommendation of NRC. This shall apply to all future / continuing employments. The said remuneration payable will be subject to applicable tax deduction at source.

Annexure 2: Code of conduct for Board of Directors and Key Managerial Personnel

I. Overview

a. Introduction

This Code of Conduct for the Board of Directors (“**Board**”) and Key Managerial Personnel (“**KMP**”) (hereinafter referred to as the “**Code**”) has been framed and adopted by India Debt Resolution Company Limited (hereinafter referred to as “**the Company**” or “**IDRCL**”).

This Code is intended to provide guidance to the Board and KMP to manage the affairs of the Company in an ethical manner. The purpose of this Code is to recognize and emphasize upon the ethical behavior and to develop a culture of honesty, impartiality and accountability.

This Code of Conduct attempts to set forth the guiding principles on which the Company and its Board and KMP shall operate and conduct themselves with multiple stakeholders, government and regulatory agencies and anyone else with whom it is connected. It recognizes that IDRCL is an agent of NARCL and hence deals with resolution of financial assets.

This Code envisages that the Board of the Company and KMP must act within the bounds of the authority conferred upon them and with a duty to comply with the requirements of applicable law and they are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

This Code shall come into force with effect from the date of approval from the Board.

b. Definitions & Interpretation:

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

"Board" shall mean the Board of Directors of the Company.

"Company" or “**IDRCL**” shall mean India Debt Resolution Company Limited.

"Conflict of Interest" means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

"Key Managerial Personnel" or “**KMP**” shall mean key managerial personnel in terms of Section 203 of Companies Act, 2013 and shall also include personnel of the Company who are members of its core management team excluding Board. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads.

"Executive Directors/Whole-time Directors" shall mean and include Company's Managing Director and Directors who are in full time employment of the Company.

"Non - Executive Directors" shall mean the Directors who are not in the whole-time employment of the Company.

"Independent Directors" or a “**Nominee Director**” shall mean a Director other than a Managing Director or a Whole-time Director as described in section 2(47) read with Section 149(5) of Companies Act, 2013 and has the requisite qualification as prescribed in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

c. Applicability:

This Code shall be applicable and binding to the Board and KMP of the Company.

The Directors and KMP should continue to comply with other applicable / to be applicable policies, rules, and procedures of the Company.

II. Principles of the Code

The Board and the KMP of the Company shall act within the authority conferred upon them, in the best interests of the Company and observe the following:

a. Conduct

- The Board and the KMP shall act honestly, ethically, in good faith and in the best interest of the Company and to fulfil their fiduciary obligations.
- Whilst carrying out the duties, the Board and the KMP shall ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines, and other directives issued by the Board or Committee of Directors of the Company, from time to time.
- The Board and the KMP shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business.
- The Board and the KMP shall refrain from indulging in any discriminatory practice or behaviour based on race, colour, gender, age, religion, ethnic or national origin, disability or any other unlawful basis. The ethical conduct, performance and skills shall be the qualifying indicators for an employee's performance.
- The Board and the KMP shall conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.
- The Board and the KMP shall use the Company's assets, property, proprietary information and intellectual rights for business purposes of the Company and not for any personal benefits or gains.
- The Board and the KMP shall maintain confidentiality of the information that is entrusted upon them for carrying on their respective responsibilities and duties and shall not use the same for personal benefits or gains.

b. Compliance

- The Board and the KMP shall ensure compliance of various legal/regulatory requirements as applicable to the business of the Company and endeavour that before any directions are given or decisions taken, relevant legal/regulatory requirements are taken into account.
- The Board and the KMP shall report concerns about unethical behaviour, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal/regulatory requirements.
- Any transaction falling under the definition of related party transactions as per the provisions of the Companies Act, 2013 must be entered into by the Director or the KMP only after obtaining prior approval of the Board or Audit Committee.

c. Conflict of Interests

- The Board and the KMP shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved.
- The Board and the KMP shall not take up any position or engagement that may be prejudicial to the interest of the Company.
- The Executive Director(s) and the KMP shall not take up any outside employment.

III. Duties of the Directors of the Company

The Companies Act, 2013 significantly specifies certain duties and responsibilities of the Directors of the Company. While the list of duties as per the provisions of the Act, has been enumerated below, it should however, by no means be considered to be exhaustive:

- The Directors shall devote sufficient time and attention to professional obligations for informed and balanced decision making.
- The Directors shall act in accordance with the articles of association of the Company and in good faith in order to promote the objects of the Company in a sustainable manner for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- The Directors shall have a clear understanding of the aims and objectives, capabilities and capacity and various policies of the Company.
- The Directors shall exercise their duties with due and reasonable care, skill and diligence.
- The Directors shall be required to intimate the change in the directorships held within thirty days of such change.
- The Directors shall bring an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.
- The Directors shall ensure that the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- The Directors shall seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
- The Directors shall strive to attend and participate constructively & actively, in all general meetings, meetings of the Board and its committees of which they are Chairman or member.
- The Directors shall not assign his office of director of the Company to another person.
- The Directors shall ensure that adequate deliberations are held before approving related party transactions and shall assure themselves that the same are in the best interest of the Company.

**IV. Code for Independent Directors specifying their Duties
(As per Schedule IV of Companies Act, 2013)**

A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV – “Code for Independent Directors”, which lays down the guidelines of professional conduct for Independent Directors, their role & duties, along with appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as **Schedule I** to this Code.

V. Amendment to the Code

The provisions of this Code can be amended or modified by the Board from time to time and all such amendments/modifications shall take effect from the date stated therein.

VI. Affirmation of Compliance with the Code of Conduct

The Board and the KMP shall within 30 days of the close of each financial year affirm compliance with the Code. The Annual compliance report shall be forwarded to the CS and Compliance Officer of the Company.

Schedule I: Code for Independent Directors

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- Uphold ethical standards of integrity and probity;
- Act objectively and constructively while exercising his duties;
- 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;
- Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- Refrain from any action that would lead to loss of his independence;
- Where circumstances arise, which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- Assist the Company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- Bring an objective view in the evaluation of the performance of the Board and management;
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- Safeguard the interests of all stakeholders, particularly the minority shareholders; (6) Balance the conflicting interest of the stakeholders;
- Determine appropriate levels of remuneration of executive directors, KMP and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, KMP and senior management (if part of the NRC);
- Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- Strive to attend all meetings of the Board and of the Board committees of which he is a member;
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- Strive to attend the general meetings of the Company;
- Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

- Keep themselves well informed about the Company and the external environment in which it operates;
- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct or ethics policy;
- Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- Appointment process of independent directors shall be independent of the Company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- The appointment of independent director(s) of the Company shall be approved at the meeting of the shareholders.
- The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- The appointment of independent directors shall be formalised through a letter of appointment (Schedule II), which shall set out:
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors&Officers (D&O) insurance, if any;
 - (e) the Code of Business Ethics that the Company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the Company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the Company by any member during normal business hours.
- The terms and conditions of appointment of independent directors shall also be posted on the Company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or Removal:

- The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

- Where the Company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate Meetings:

- The independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- All the independent directors of the Company shall strive to be present at such meeting;
- The meeting shall:
 - a. Review the performance of non-independent directors and the Board as a whole;
 - b. Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
 - 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.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Schedule II : Draft Letter for Appointment of Independent Director

[Date]

[Name of Director]

[Address]

Sub.: Appointment/re-appointment of Independent Director

Dear Sir/Madam,

I am pleased to intimate to you that the Board of Directors at their meeting held on _____[Date] has appointed you as an Additional Director (Non-executive Independent) of the Company with effect from _____ [Date] and subject to the approval of Members at their ensuing Annual General Meeting. It is my privilege to issue you an appointment letter pursuant to the provisions of the Companies Act, 2013 (the 'Act').

You are very well aware of the Directorial duties and rights as stipulated in Schedule IV of the Act, I narrate the same as under:-

1. Appointment

1.1. You have been appointed as an Additional Director of the Company in the category "Non-Executive Independent" on the Board of Directors of the Company with effect from _____ [Date] for a period of 5 (Five) years and your appointment is subject to approval of Members at their next Annual General Meeting.

1.2. Once you are appointed by the shareholders as an Independent Director you shall not be liable to retire by rotation.

1.3. Re-appointment at the end of the term shall be subject to the approval of the shareholders.

2. Committees

The Board of Directors (Board) may, if it deems fit, invite you for being appointed on one or more Existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committee(s) will be subject to the applicable rules/regulations.

3. Time Commitment

3.1 As a Non- Executive Director you are expected to actively participate at the meetings of the Board and its Committees and to help provide the Board in relation to the Company's strategy, performance, and risk management as well as ensuing high standards of financial probity and corporate governance.

3.2 The Board meets at least once in a year as per clause VII of Schedule IV to the Companies Act, 2013 Besides, there are other Committee meeting like Nomination and Remuneration Committee and Audit Committee meeting which are ordinarily convened when there is a need to convene thereof.

3.3 You are expected to attend the meetings of Board, Board Committees to which you may be appointed and also Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, meetings are held in Mumbai.

4. Fiduciary Duties

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and inter alia are as under:

4.1 You shall act in accordance with the Company's Articles of Association.

4.2 You shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company.

4.3 You shall discharge your duties with due and reasonable care, skill and diligence.

4.4 You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company/Group or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests, must be avoided at all costs and brought to the notice of the Board.

4.5 You shall not assign your office as Director and any assignments so made shall be void. There are certain roles, functions and duties prescribed for all Independent Directors, which are listed in the 'Code for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013. You shall abide by the said 'Code of Conduct for Independent Directors' as amended from time to time to the extent relevant and applicable to your role. The present code is annexed hereto as Annexure

5. Status of Appointment

You will not be an employee of the Company and this letter shall not constitute a contract of employment.

6. Conflict of Interest

6.1 It is accepted and acknowledged that you have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form from time to time.

6.2 In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to Chairman of the Company.

7. Evaluation

The Company shall formulate a format/ framework for evaluation of the Board, the Committees of the Board and individual Directors. As per the same, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

8. Disclosure of Interest

8.1 Pursuant to the provisions of Section 184(1) of the Act, you are required to disclose you are concern or interest in any company or companies or bodies corporate, firms or other association of individuals which shall include the shareholding, as prescribed under the Rule 9 of the Companies (Meetings of the Board and its Powers) Rules, 2014 (as amended from time to time).

8.2 The Company has an obligation to include in its Annual Accounts a note of any material interest that a director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the same may be recorded in the minutes appropriately and the records of the Company are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

8.3 Pursuant to the provisions of Section 149(7) of the Act, you are required to give a declaration that you meet the criteria of independence as provided in Section 149(6) of the Act and thereafter, at the first meeting of the Board in every financial year.

9. Training of the Board

The Company provides an orientation session for new independent director of the Board. The program covers an overview of our strategy and operations to familiarize the new inductees about the strategy, operations and functions of our Company. The session will provide an opportunity to interact with the senior leadership of the Company and help the inductees understand the Company's strategy, operations, services, organization structure, finance, HR and risk management.

10. Retirement policy

The age of retirement for non-executive directors and independent directors is 75 years.

11. Code of Conduct

You are required to comply with Company's Code of Conduct for the BOD and KMP.

12. Confidentiality

All information acquired during your tenure of directorship is confidential and should not be disclosed, either during your tenure or following termination (by whatever means) to third parties without prior clearance from the Chairman, unless required by law or by the rules of any rules or regulatory body. In the latter case, you would be required to suitably inform the Chairman of such an event or disclosure. You should direct any media queries or approaches to the appropriate spokesperson within the Company. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

13. Termination

13.1 You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board.

13.2 Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of the Companies Act, 2013 and the rules made thereunder, and the Articles of Association of the Company, from time to time in force.

13.3. Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company.

It is a pleasure to have you on board. I am confident that your association, expertise and advice will immensely benefit the Company and the Board.

Yours sincerely,

For India Debt Resolution Company Limited
(Designation)

Annexure 3: Board evaluation form

ENTIRE BOARD AND COMMITTEE EVALUATION

(By Independent Directors & the Board)

Sr. No.	Criteria	Y/N	Remarks (if any)
Board Deliberation			
1	The Board Meeting agenda and related background papers provide appropriate information.		
2	Opportunity given to Board members to participate at the Board Meeting is adequate.		
3	The facility for video conferencing for conducting meetings is robust, when required.		
4	The amount of time spent on discussions on the issues before the Board is satisfactory.		
5	The minutes of the meetings adequately capture the decisions taken by the Board.		
6	The actions arising from Board Meetings are reviewed in subsequent Board Meetings.		
Board and Management Relations			
7	Guidance is provided by the Board on the Strategies, Regulatory and Business Plan presented by the Management.		
Board Committees and Quality			
8	Committees of the Board are pursuing their laid down objectives.		

Overall rating of Board and Committee performance (please tick appropriate column)	Satisfactory	Unsatisfactory
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Please give suggestions (if any) to improve Board's and Committee's performance	Name of the Director:
a)	Signature:
b)	Date:
c)	

CHAIRPERSON EVALUATION

(By Independent Directors, taking into account the feedback from Executive and Non-Executive Directors)

Sr. No.	Criteria	Y/N	Remarks (if any)
Managing Relationships			
1	Chairperson manages the deliberations of the Board effectively, according to the items laid down as also any other issues raised by the directors.		
2	Chairperson promotes effective participation of all Board members and encourages other members to contribute.		
3	Chairperson facilitates effective decision making and conclusion of deliberations.		

Overall rating of Chairperson's performance (please tick appropriate column)	Satisfactory	Unsatisfactory
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Please make Comments, if any, on the performance of the Chairperson	Name of the Director: _____
A)	Signature: _____
b)	Date: _____
c)	

DIRECTORS ASSESSMENT TOOL

(By Independent Directors & each Board Member other than being evaluated)

Name of the Director being evaluated:

Sr. No.	Criteria	Y/N	Remarks (if any)
Knowledge			
1	Responsible conduct in line with his/her position as a member of the Board.		
2	Displays understanding of the business of the Company and Key issues.		
Due Diligence and Participation			
3	His/her deliberations add value to the decision making		
4	Objectivity in discussions on matters placed before the Board.		

Overall rating of Director's performance (please tick appropriate column)	Satisfactory	Unsatisfactory
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Please make Comments, if any, on the performance of the Director	Name of the Director:
a)	Signature:
b)	Date:
c)	