

NPR FINANCE LIMITED
POLICY ON BOARD DIVERSITY

NPR Finance Ltd. (the “Company”) believes that its Board of Directors (hereinafter referred to as “the Board”) have the obligation of maximizing shareholders’ wealth through an effective monitoring or controls over top management. The Company considers its Board to be an important device for upholding an effective corporate governance to ensure that there is a creation adequate returns for shareholders.

1. PREFACE

1.1 Clause 49 (IV)(B)(3) of the Equity Listing Agreement with the Stock Exchange provides for the formulation of a policy on Board Diversity.

1.2 Based on the recommendation of the Nomination and Remuneration Committee (hereinafter referred to as “the Committee”), the Board of Directors of the Company have adopted this Policy.

1.3 This Policy on Board Diversity is formulated in compliance to the Equity Listing Agreement with the Stock Exchange.

1.4 The provisions of this Policy shall also be applicable upon the Board of Directors of the Company.

2. POLICY OBJECTIVES

This Policy sets out the approach to attain and maintain optimum diversity on the Board.

3. POLICY STATEMENT

The Company recognizes that diversity on the Board enhances greater creativity, innovativeness and quality decision making. Increasing diversity on the Board of Directors would be beneficial to the organization in terms of gaining critical resources. Thus, the characteristics of the Board is critically linked to the performance of the Company and is an essential element in maintaining competitive advantage. A diverse Board encompasses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company.

The Committee shall adhere to the following criteria while maintaining a diversified Board :

➤ ***Optimum Combination***

- a. Pursuant to Clause 49 of the Listing Agreement, Companies Act, 2013 read with the Rules made thereunder and other applicable provisions of various applicable laws, if any, the Board shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors.
- b. Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half of the Board should comprise independent directors.

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

➤ **Demographic Characteristics**

The demographic characteristics of the Board include age, functional background, tenure and the cultural and educational background. These characteristics influence the quality of decisions that the Board makes and therefore the actions adopted by the organization that they lead. This is because demographic characteristics are associated with values and perceptions that influence the decision making of top management. This in turn will positively contribute to Company's performance. In this connection, the percentage of demographic diversity shall be vital.

➤ **Functional Diversity**

- a. Knowledge of and experience in domain areas such as finance, legal, risk management etc. shall be considered while making appointment to the Board level. In this connection, the knowledge, experience, skill of the proposed appointee shall be matched with the relevance of the same to the business and requirement of the company.
- b. While appointing the Independent Directors, care should be taken to ensure that the appointee meets the criteria of independence, specified in Clause 49 of the Listing Agreement and the Act read with the Rules made thereunder.
- c. Further, none of the proposed appointees should be disqualified in any manner in terms of the Act, Listing Agreement and any other applicable laws, if any.

All appointments shall be based on merit. However, the benefits of diversity shall also be considered while identifying and recommending persons for directorship.

The shareholders of the Company are the best judges in determining whether the Board is adequately diversified or not. In this connection, the Company, pursuant to the requirements of Clause 49 of the Listing Agreement, intimates its shareholders about the characteristics, qualification, work experience etc. of the proposed appointees and/or that of those who are the proposed re-appointees, in its Annual Report, effectiveness of this Policy.

4. REVIEW AND AMENDMENTS IN THE POLICY

- a. The Committee shall review and amend this Policy as and when required, subject to the approval of the Board of Directors.
- c. Any subsequent amendment / modification in the listing agreement and /or other applicable laws in this regard shall automatically apply to this Policy.