

## **HDFC INVESTMENTS LIMITED**

### **POLICY ON APPOINTMENT OF DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT**

#### **1. Preamble**

- This Policy on Appointment of Directors and Members of Senior Management (the “**Policy**”) applies to the Board of Directors (the “**Board**”) of HDFC Investments Limited (“**Company**”) and the Senior Management of the Company. This Policy was recommended by the Nomination and Remuneration Committee of Directors (“**NRC**”) and approved by the Board at its meeting held on March 28, 2016 and shall be subjected to periodic review by the NRC.
- The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead the Company towards achieving its stated goals and strategic objectives taking into account the interest of all stakeholders.
- The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Independent Directors to the shareholders for their approval.
- The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of the Company and Senior Management to the NRC, which will submit its recommendations to the Board, in accordance with this Policy. The Company has also adopted a Policy on Fit and Proper Criteria for its Directors as required under the revised regulatory framework issued by the Reserve Bank of India on November 10, 2014. The said Policy is also required to be adhered to whilst appointment of any director of the Company.

#### **2. Definitions**

For the purposes of this Policy:

‘**Senior Management**’ shall mean and include the following:

- Chief Executive Officer (CEO);
- Chief Financial Officer (CFO);
- Company Secretary; and
- Such other persons holding positions as may be deemed necessary by the NRC

#### **3. Criteria for Appointment as a Director of the Company**

- Matching the requirements of the Company and enhancing the competencies of the Board are the basis for the NRC to shortlist and recommend a candidate for appointment to the Board.
- The NRC while recommending any appointment shall analyze the present and potential future needs and requirements of the Company and the real estate sector in which the Company conducts its business and operations having due regard to the benefits of diversity of the Board.
- The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:
  - highest levels of personal and professional ethics and integrity;
  - high quality attributes such as discipline, objectiveness, sensitivity, creativity;
  - sharing and demonstrating the values of the Company;
  - qualification in relevant disciplines (e.g. finance, management, accountancy, legal, education, etc.) or being a recognized specialist in disciplines or areas relevant to the Company and/or its

business including but not restricted to experience in accounting and finance, administration, corporate and strategic planning;

- experience in the management of a diverse organization whether located in India and/or overseas;
  - demonstrable ability to work effectively and constructively with the existing directors and senior management;
  - excellent interpersonal, communication and representational skills;
  - demonstrable leadership skills;
  - strong influencing and negotiating skills; and
  - continuous professional development to update knowledge and skills;
  - time commitment required from a Director to properly discharge his fiduciary duties towards the Company; and
  - the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment.
  - any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/or the rules made thereunder).
- In addition to such requirements as may be specified under this Policy, the Independent Directors shall also fulfill the applicable requirements prescribed under Section 149 of the Companies Act, 2013 and the rules made thereunder and other applicable laws as modified or amended or supplemented, from time to time.
  - Each Independent Director shall be required to duly submit/make the stipulated declarations required to be furnished pursuant to the provisions of the Companies Act, 2013 and the rules made thereunder, other applicable laws and/ or the Articles of Association of the Company.
  - No person shall be considered for appointment/re-appointment as a Director of the Company, if he/she is disqualified to be appointed/re-appointed as such in terms of the provisions of Section 164 of the Companies Act, 2013 or under any other applicable law.
  - No person shall be considered for appointment as a Director of the Company, if –
    - He/she is already a Director in more than twenty companies at the same time including any alternate directorship; or
    - He/she is already a Director in ten or more public companies or private companies, which is either a holding or subsidiary company of a public company.

#### 4. **Criteria for Appointment of Senior Management Position**

- The NRC shall consider the present and future requirements of the Company and the sector in which it conducts its business and operations when short listing and recommending a candidate for a Senior Management position.
- The criteria to be considered when assessing prospective candidates for a Senior Management position shall include the following:
  - highest levels of personal and professional ethics and integrity;
  - demonstrable leadership skills;

- specialist knowledge and/or experience required for the Senior Management position in question;
- good interpersonal relationships;
- demonstrating intelligence, maturity and wisdom;
- possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, etc.;
- sharing and demonstrating the values of the Company;
- ability to significantly contribute towards achievement of the strategic and business objectives of the Company;
- the factors which may adversely impact the ability of the candidate to fulfill his/ her duties; and
- any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/or the rules made thereunder).

#### 5. **Board Nomination Process**

The selection procedure to be followed for the appointment of persons to the Board is as below:

- The NRC shall determine the selection criteria applicable for each position at the Board level.
- The NRC shall finalise a list of potential candidate(s) who meets the applicable selection criteria and submit such list to the Board along with its recommendations.
- The Board shall thereafter meet the short listed candidate(s) to assess their capability for the job. In the event that the Board may feel that no short listed candidate is suitable for appointment to the Board, the Board may request the NRC to submit a fresh list of candidates.
- The candidate selected by the Board, shall be appointed in accordance with the relevant provisions of the Companies Act, 2013, rules made there under, subject to the approval of the Shareholders of the Company at General Meeting.

#### 6. **Nomination Process for Senior Management position**

The selection procedure to be followed for the appointment of persons at the Senior Management positions is as below:

- In case of vacancy/opening for the position Senior Management, the NRC shall identify and short list employees to fill such vacancy, who may meet the criteria mentioned in this Policy.
- In the event that there are no suitable internal candidates within the Company for the respective positions, the NRC may select an external candidate.
- In the event nominations are received from Housing Development Finance Corporation Limited, the holding company or any of its other subsidiary or associate companies in relation to appointments to be made at Senior Management Positions, NRC shall consider the aforementioned criteria before arriving at a decision as to the appointment.

#### 7. **Appointment Procedure for Director**

- Every Director shall be appointed/re-appointed by the Company at the general meeting on the recommendation of the Board.
- No person shall be appointed/reappointed as a Director of the Company unless he/she has been allotted the Director Identification Number (DIN) and he furnishes to the Company a declaration to the effect that he is not disqualified to become a Director under the provisions of the Companies Act,

2013 and rules made there under or under any other law for the time being in force and files consent to hold the office as Director.

- No person shall be appointed as a Director whose name appears in the list of wilful defaulters published by the Reserve Bank of India.
- The NRC shall ensure that the appointment/re-appointment of Directors of the Company is as per the terms of this Policy and recommendations of candidates are made to the Board for appointment.

8. **Appointment Procedure for Senior Management position**

- Appointments for Senior Management positions will be approved / ratified by the Board and subject to the recommendation by the NRC.

9. **Letters of Appointment**

- The Chairman of the NRC shall issue a formal letter of appointment to the person appointed as a Director of the Company.
- Letters of Appointment to the Senior Management positions will be issued by any Directors of the Company.

10. **Evaluation Procedure**

- The NRC shall develop such assessment criteria as it shall deem fit for the purposes of undertaking performance evaluation of the Directors and the Board as a whole. The NRC shall undertake an annual performance evaluation of all Directors of the Company based on the relevant assessment criteria developed by it.
- The assessment criteria for performance evaluation of Directors shall be disclosed in accordance with the relevant provisions of the Companies Act, 2013 and the rules framed there under.
- The evaluation of the CEO will be done by the NRC.
- The evaluation of Senior Management will be done by the CEO of the Company.
- In case of employees at Senior Management positions being deputed from Housing Development Finance Corporation Limited, the holding company or any of its other subsidiary or associate companies, the evaluation of such employees shall be done by their respective employers. However, inputs on their performance may be provided to such companies by any of the NRC Members or the CEO, as the case may be.

11. **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable law, rules and regulations thereunder and / or for any disciplinary reasons and subject to such applicable laws, rules and regulations, the NRC may recommend, to the Board, with reasons recorded in writing, removal of any Director or Senior Management.

12. **Policy Review**

- This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under and other applicable laws, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- The NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

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