

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTOR(S) TO THE MERCATOR LIMITED

Policy

The company's primary objective in relation to the composition of the Board is to have a well-balanced group with a variety of backgrounds, skills and experience. The priority in the nomination of a proposed board member is to identify their respective skills that will add value to the company and which may not exist in the present composition of board members. The appointment should also be in accordance to the Diversity policy of the company.

The Mercator Limited (ML) board is responsible for the long-term success of a company and its first responsibility is to provide direction and leadership within a framework of prudent and effective controls. The purpose of this policy is to promote practical guidelines for the selection and nomination of directors ensuring a formal and transparent process.

The Context

The starting point for ML board in the recruitment of new directors is a review of the company's strategy and business. It is important to review the context for each new appointment as strategy changes.

Size of the ML Board

The company's constitution normally sets out the size of the Board. The number of Board members depends on the size and complexity of the organization, the type of business, industry and the operating environment. The Board of Directors of the company 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. The company has an executive Chairman/ promoter; therefore at least half of the Board should comprise independent directors. Independent director shall mean a Non-Executive Director who satisfies the criteria defined under the Companies Act, 2013 ("the Act") and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Conflicts of Interest

When selecting directors, the ML Board would be conscious of shareholder and public perceptions and seek to avoid situations where there might be a perceived or real conflict of interest. Candidates who have conflicting interests to the company should not be short listed.

Diversity

Diversity in Board demographics provides with competitive advantage. Diversity would be factored into the equation when considering the selection and nomination of a new director.

Criteria for determining qualifications and attributes of a Director:

Age:

Any person to be appointed as a Director should be more than 21 years of age and less than 68 years.

Education:

Generally, it is desirable that a candidate should hold a graduate degree from a respected college or university. It is further desirable for the candidate to have earned a masters or doctoral degree.

Qualifications:

Any person to be appointed as a Director on the Board of Director of the Company, including but not limited to, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.

Experience:

Any person to be appointed as a Director on the Board of ML shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment. A candidate should have sufficient applicable experience to fully understand the legal and financial aspects (should be able to read and understand a financial statement) of an independent director. International experience (such as living and working outside India) in many cases is considered as a significant positive characteristic in a Board candidate's profile. A Director must also possess experience at policymaking and operational levels in large organizations.

Individual Characteristics:

The candidate should have the personal qualities to be able to make a substantial active contribution to board deliberations. These qualities include intelligence, selfassuredness, a high ethical standard, interpersonal skills, independence, courage, a willingness to ask the difficult question, good communication skills and commitment. A Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interests and concerns of all the company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

Availability:

The candidate should have sufficient time available to discharge the duties and responsibilities of board membership, including time to gain knowledge of the industry, to prepare for board meetings, and to participate in committees.

Other requirements:**The Candidate is expected to have:**

- Practical wisdom and good judgment.
- An understanding of key technologies.
- Decision making – exploring options and choosing those that have the greatest benefit to the organization and its performance.
- Interpersonal sensitivity – a willingness to keep an open mind and recognize other perspectives.
- Ability to mentor other directors.
- Innovator - a willingness to challenge management and challenge assumptions, stimulate board discussion with new, alternative insights and ideas.
- Willingness to deal with tough situations.
- Vision, imagination and foresight.

Responsibilities/Functions:

Upon appointment, a Director is expected to perform his role and duties under the act and the Listing Regulations.

Tenure:

An independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years. He shall be eligible for appointment after the expiration of three years of ceasing to become an independent director and shall not be appointed in or be associated with the company in any other capacity, either directly or indirectly, during the said period of three years.

Any person to be appointed as Director shall not possess any of the disqualifications as mentioned below:

- a. He/she shall not be of unsound mind nor stand so declared by a competent court.
- b. He/she shall not be an undercharged insolvent.
- c. He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
- d. He/she has not been convicted of an offense, 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;
- e. He/she has not been issued an order by a court or Tribunal disqualifying him/her for appointment as a director and the order is in force;
- f. He/she has not paid any calls in respect of any shares of the company held by him/her whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g. He/she has not been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years;

Resignation and Removal:

The resignation or removal of an Independent Director shall be in the same manner as is provided in Section 168 and 169 of the Act. An Independent Director who resigns or is removed from the Board of the Company would be replaced by a new Director within a period of one hundred eighty days from the date of such resignation or removal, as the case may be.

Vacation of office:

The office of a director shall become vacant in case:

- a. he/she incurs any of the disqualifications as specified above;
- b. he/she absents himself/herself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- c. he/she acts in contravention of the provisions of section 184 of the act relating to entering into contracts or arrangements in which he/she is directly or indirectly interested;
- d. he/she fails to disclose his/her interest in any contract or arrangement in which he/she is directly or indirectly interested, in contravention of the provisions of section 184;
- e. he/she becomes disqualified by an order of a court or the Tribunal;
- f. he/she has been issued an appeal or 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;
- g. he/she is removed in pursuance of the provisions of this Act;
- h. he/she, having been appointed a director by virtue of his/her holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

Letter of appointment

Upon appointment, a Director would be issued letter of appointment in format as specified in our website.

Process of Performance evaluation of directors:

Need for Evaluation Process

The recent failures of corporate throughout the world have led the investors, regulators and the general public at large to question the effective functioning of the board of any company. The investors have started questioning the collective decision making competency in terms of quality, skills and even the individual capabilities and capacities of individual directors who hold the position in any company.

There is also emphasis on the director's responsibilities at the same time and the directors themselves should undertake a formal and regular objective based evaluation of their own performance in terms of strategies, monitoring control, statutory compliance and corporate governance and as well on the obligation of the whole board to reevaluate the mix of skill and experience.

Evaluation Mechanism

The assessment carried on the basis of following criteria

- Valuable Input Provided;
- Dedication and Commitment;
- Industry Knowledge;
- Overall contribution; and
- Compliances under Companies Act;
- Independence;
- Independent views and judgement;
- Integrity;
- Ability to function as Team