



ECLF – Board Evaluation Policy

ECL Finance Limited

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1. INTRODUCTION

1.1 BACKGROUND

The Board of ECL Finance Limited (“ECLF” or “Company”) acknowledges its intention to establish and follow “best practices” in Board governance to fulfil its fiduciary obligation to the Company and its stakeholders. The Board believes the evaluation of the Board and its Directors will lead to a closer working relationship among Board members, greater efficiency in the use of the Board’s time, and increased effectiveness of the Board as a governing body.

The Policy on Board Evaluation (“the Policy”) has been framed in compliance with the provisions of the Companies Act, 2013 (“the Companies Act”), SEBI (Listing Obligations and Disclosure Requirements Regulations 2015 (“SEBI LODR”), SEBI Guidance Note on Board Evaluation, 2017 (“SEBI Guidance Note”) and other applicable provisions, if any.

2. ROLES & RESPONSIBILITIES

2.1 BOARD OF DIRECTORS

The overall responsibility of monitoring and reviewing the Board Evaluation framework shall lie with the Board of Directors.

The Board shall carry out the annual evaluation process of its own performance (Board as a Whole), the performance of its Committees and the Independent Directors (excluding the Director being evaluated) as envisaged in SEBI LODR and the Companies Act.

The Board shall ensure adequate disclosures are made with respect to annual performance evaluation of the Board, the committees and individual directors in the Board Report.

2.2 NOMINATION & REMUNERATION COMMITTEE

The role of the Nomination & Remuneration Committee (“NRC”) in the Board evaluation process shall be as follows:

- Formulate of criteria for evaluation of performance of Board of Directors (including its Chairperson), and the Board of as a whole and its Committees.
- Carry out evaluation of every director’s performance.
- Determine whether to extend or continue the term of appointment of the Independent director, on the basis of the report of performance evaluation of independent directors.

2.3 INDEPENDENT DIRECTORS

The Independent Directors shall carry out the annual evaluation process of :

- Non - Independent Directors, ;
- Board as a whole; and

- the Chairperson of the Company, taking into account the views of the Executive Directors and Non-executive Directors.

The Independent Directors shall also review the adequacy/quality and timeliness of the reports/information being placed before Board for its meetings.

3. PERFORMANCE EVALUATION CRITERIA

The NRC is authorized to approve the criteria/framework as well as methodology for annual evaluations. Following is the illustrative list/indicators NRC may consider while approving aforesaid criteria/framework.

3.1 BOARD AS A WHOLE

The performance of the Board shall be evaluated, amongst other things, on the basis of:

- the quality of the discussions at Board meetings;
- the level of interpersonal cohesion amongst the Board members;
- its effectiveness in use of time;
- opportunity to adequately assess the management performance;
- keeping abreast of developments in the business and regulatory environment;
- frequency and duration of the meetings;
- the suggestions received from Directors for change/improvisation etc;
- overall structure of the Board including the competence and experience of the directors along with adequate diversity among the Board;
- monitoring the Company's governance and control practices including risk management systems;
- upholding stakeholder value and responsibility; and
- ensuring there is adequate independence of the management from the Board.

3.2 CHAIRPERSON

The performance of the Chairperson shall be evaluated, amongst other things, on the basis of:

- leadership qualities, strategic thinking, decision making and business acumen;
- contribution to resolution of divergent views;
- time commitment, interaction with management;
- relationships and communications with the Stakeholders; and
- impartialness in conducting discussions, seeking views and dealing with dissent.

3.3 COMMITTEES OF THE BOARD

The Committees, to whom the Board has delegated responsibilities, shall be evaluated on the basis of:

- effective functioning in accordance with the terms of reference set out in their charter;
- Structure of the committee and their meetings; and

- Independence of the Committee from the Board.

3.4 DIRECTORS

The performance of the Directors shall be evaluated, amongst other things, on the basis of:

- strategic thinking, business acumen, teamwork, contribution to resolution of divergent views, proactive participation, and time commitment;
- handling the conflict of Interest/situation, if any;
- Having appropriate experience, knowledge and competence to render their duties;
- Fulfilling their responsibilities with highest level of integrity; and
- Additional criteria for Independent Directors - Adequate independence from the Company and ensuring no conflict of interest exists, Provide independent and unbiased opinions.

4. FREQUENCY FOR EVALUATION

The evaluation will take place annually in the first quarter of each Financial Year.

5. CONFIDENTIALITY

The discussions held during the meeting of Independent Directors and Board Meeting are to be kept confidential among those who attend the meeting. The written evaluation results are not public records.

6. DISCLOSURE IN BOARD REPORT

In accordance with the requirement under the Companies Act and the Rules made thereunder, disclosures will be made in the Board's Report forming part of an Annual Report regarding the way the Performance Evaluation exercise has been conducted by the Board of Directors for its own performance, performance of various Committees, of individual Directors and of the Chairperson of the Board.

7. REVIEW OF THE POLICY

This Policy is prepared by the secretarial department and shall be reviewed by Head of Compliance. The Policy shall be reviewed at least once a year by the NRC and approved by the Board of the Company.