

MORARKA FINANCE LIMITED

POLICY ON BOARD DIVERSITY

APPLICABLE FROM OCTOBER 1, 2014.

BOARD OF DIRECTORS HAVE APPROVED THIS POLICY IN ITS MEETING DATED FEBRUARY 6, 2015.

Genesis:

One of the peculiar features of the new statute – The Companies Act, 2013 and the new listing agreement applicable from 1/10/2014, the company has to draft and adopt many policies such as whistle Blower Policy, Policy on related party transactions, Evaluation of performance of directors to name a few.

Clause 49 of the listing agreement applicable from 1/10/2014 mandates on every listed company to have Policy on Diversity of Board. Pursuant to the requirements of this clause, the company too has adopted this Policy of Board Diversity.

Motive:

The Policy on Board Diversity (“the Policy”) emphasis and sets out the approach to diversity on the Board of Directors (the ‘Board’) of Morarka Finance Limited (the “Company”).

Policy Statement:

The Company is well versed and admits the fact of the benefits of having a diverse Board that enriches with a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board level as gist in maintaining a competitive advantage. A truly diverse Board will constitute and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum constitution of the Board and when feasible should be balanced adequately.

The Company has strong conviction that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might deem fit and applicable from time to time for it to function effectively.

In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

1. Board Optimization (clause 49, section 149 of Companies Act, 2013)

- (a) The Board shall have an optimum combination of executive and nonexecutive directors and not less than fifty percent of the Board of Directors comprising non-executive directors.
- (b) Atleast half of the Board should consist of independent directors (where the Chairman of the Board is executive) or atleast one-third of the Board consisting of independent directors (where the Chairman of the Board is non-executive).

In any case, the Company should endeavour to make sure that the number of independent directors do not fall below 3 (three) so as to enable the Board to function smoothly and effectively.

- (c)The Company shall have at least one woman director on the Board to ensure that there is no gender inequality on the Board.

2. Diversity based on functions

(a) Appointment of Directors to the Board of the Company should be based on the stipulated necessities and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.

(b) Knowledge of and experience in domain areas such as Financial and capital market, money market, credit & liquidity conditions, Finance, Corporate law, Governance, Legal, Risk, Management, Human Resources, etc. should be duly considered while making appointments to the Board level.

(c) While appointing independent directors, care should be taken as to the independence of the proposed appointee.

(d) Directorships in other companies may also be taken into consideration while determining the candidature of a person.

3. Diversity on the basis of stakeholders

(a) The Company may also have Directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its Articles of Association and/or any agreement between the Company and the nominating agency.

(b) Subject to the provisions of Section 151 of Companies Act, 2013, read with the relevant rules made thereunder, the Company may, upon notice of not less than one thousand small shareholders or onetenth of the total number of such shareholders, whichever is lower, have a small shareholders' director elected by the small shareholders.

Nomination and Remuneration Committee Role:

As required under section 178 read with clause 49 of the listing agreement, The Nomination and Remuneration Committee (NRC) of the Company shall review and assess Board composition on behalf of the Board and shall recommend to the Board, the appointment of new Directors based on their qualifications, positive attributes and independence.

In reviewing Board composition, NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

The control function:

In ever changing scenario and to meet the requirements of cutting edge and modern eon, The Nomination and Remuneration Committee (NRC) will review the Policy at periodical intervals, which will include an assessment of the effectiveness of the Policy.

The NRC will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

Approval Status:

Draft Date	October 1, 2014
Nomination and Remuneration Committee	February 6, 2015
Board of Directors	February 6, 2015