



DHANLAXMI BANK

POLICY ON BOARD DIVERSITY

Version 7.0

Date: 26.03.2024

DOCUMENT DETAILS

Policy Title	Policy on Board Diversity
Date Approved	26.03.2024
Approving body	Board of Directors, Dhanlaxmi Bank
Implementation date	26.03.2024
Version	7.0
Previous review date	15.03.2023
Frequency of review	Yearly
Related directions and regulations	Banking Regulation Act, 1949, Companies Act, 2013, Reserve Bank of India Guidelines & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time)
Related policies	N/A
Related Procedures and Guidance	Various Regulatory Directions
Policy Owner department	Secretarial Department
Policy User departments	Secretarial Department
Reviewed by	appended below

DOCUMENT VERSION HISTORY

Sr.No.	Date of Document	Version	Remarks
1	September 29, 2015	1.0	Formation of Policy / Initial Version
2	April 17, 2019	2.0	Revision
3	February 04, 2020	3.0	Revision
4	March 28, 2021	4.0	Revision
5	March 17, 2022	5.0	Revision
6	March 15, 2023	6.0	Revision

Policy on Board Diversity	Company Secretary	Department Heads	MD & CEO	Nomination and Remuneration Committee	Board
	R/A	C	C/I	I	I

Table of Contents

S. No.	Content	Page No.
1	Purpose of the Policy	5
2	Policy Statement	5
3	Monitoring and Reporting	5
4	Effective Date	7
5	Review of the Policy	7

1. PURPOSE OF THE POLICY

This Policy on Board Diversity (the “Policy”) sets out the approach to ensure adequate diversity in its Board of Directors (the “Board”). The policy is framed by the Bank pursuant to and in compliance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. POLICY STATEMENT

With a view to achieve a sustainable and balanced development, the Bank sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. A diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors.

3. MONITORING AND REPORTING

The composition and diversity of the Board of Directors of the Bank largely depends on the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the regulations issued by the Reserve Bank of India, as amended from time to time.

The Bank believes that a diversified Board will enhance the quality of the decisions made at the Board level by utilizing the different skills, qualification, professional experience, gender, knowledge, etc., of the members of the Board, necessary for achieving sustainable and balanced development. For appointment of persons to the office of directors and deciding composition of the Board, the Nomination and Remuneration Committee (NRC Committee) shall have due regard to this policy. In this process, the NRC Committee and Board will take into consideration, qualification, the expertise of directors in various fields, which is in due compliance with the Banking Regulation Act 1949, other applicable laws, rules, regulations and other specific requirements of the Bank.

While recommending any potential new Board member(s)/re-appointment of existing member(s) to the Board, the Committee shall consider the following: -

- a) The professional and personal ethics, integrity and track record;
- b) Special knowledge or practical experience in banking, accountancy, agriculture and rural economy, co-operation, economics, finance, law, small-scale industry, Information Technology, Payment & Settlement Systems, Human Resources, Risk Management, Business Management or any other field useful to the banking company in the opinion of Reserve Bank of India;
- c) Ability to provide insights and practical wisdom based on their experience and

- expertise relevant to the Bank's line of business;
- d) Details of his / her association with other companies / LLPs / firms (including NBFC);
 - e) Details of substantial interest in other companies / LLPs / firms (including NBFC);
 - f) Details of financial facilities, if any, availed from the Bank;
 - g) Details of default in the repayment of loans availed from the Bank or any other bank, if any;
 - h) Commitment to enhancing stockholder value;
 - i) Ability to develop a good working relationship with members of the Board and contribute to the working relationship with senior management of the Bank;
 - j) Whether he / she suffers from any of the disqualifications envisaged under the provisions of Banking Regulation Act, 1949, Companies Act, 2013 and SEBI LODR; and
 - k) Any other factors as the Committee may deem fit to consider in the best interests of the Bank and its stockholders.

Further according to section 10A(2) & section 10A(2A) of Banking Regulation Act, 1949 and Reserve Bank of India's circular on 'Special knowledge or practical experience useful to banking companies' dated November 24, 2016 –

- (a) not less than fifty-one per cent, of the total number of members of the Board of directors of a banking company shall consist of persons, who-
 - (i) shall have special knowledge or practical experience in respect of one or more of the following matters, namely: -
 - accountancy,
 - agriculture and rural economy,
 - banking,
 - co-operation,
 - economics,
 - finance,
 - law,
 - small-scale industry,
 - any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company:
Provided that out of the aforesaid number of directors, not less than two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry; and
 - (ii) shall have special knowledge/experience in the fields of Information Technology, Payment & Settlement Systems, Human Resources, Risk Management and Business Management.
 - (iii) shall not-
 - have substantial interest in, or be connected with, whether as employee, manager or managing agent, -
 - any company, not being accompany registered under section 25 of the Companies Act, 1956 (1 of 1956), or
 - any firm, which carries on any trade, commerce or industry and which, in either case, is not a small-scale industrial concern, or
 - be proprietors of any trading, commercial or industrial concern, not being a

small-scale industrial concern.

- (b) Notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956), or in any other law for the time being in force, -
- no director of a banking company, other than its chairman or whole-time director, by whatever name called, shall hold office continuously for a period exceeding eight years;
 - a chairman or other whole-time director of a banking company who has been removed from office as such chairman, or whole-time director, as the case may be, under the provisions of this Act shall also cease to be a director of the banking company and shall also not be eligible to be appointed as a director of such banking company, whether by election or co-option or otherwise, for a period of four years from the date of his ceasing to be the chairman or whole-time director as the case may be.

The Committee shall ensure that the composition of the Board is in conformity with the provisions of the Banking Regulation Act, 1949, Companies Act, 2013, SEBI LODR, RBI guidelines and all other applicable laws and regulations.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, gender, background and other qualities.

As part of the annual review of the structure, size and composition of the Board by the Nomination & Remuneration Committee, the Committee expressly considers and includes commentary to the Board on the subject of the diversity of the Board.

A summary of this will be provided in the Corporate Governance Report which forms part of the Annual Report of the Bank.

4. EFFECTIVE DATE

This “Policy on Board Diversity (Version 7.0)” will be effective from the date of approval by the Board.

5. REVIEW OF THE POLICY

The Policy is valid for a period of 1 year from the date of approval by the Board of Directors of the Bank. In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The Board has the power to replace this Policy entirely with a new policy.