



# **NOMINATION AND REMUNERATION POLICY**

**(Last amended on May 17, 2024)**

## I. OBJECTIVE

The composition and constitution of the Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and RBI guidelines on the same from time to time. The Key Objectives of the Committee would be:

- A. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- B. To specify the manner for effective evaluation of performance of Board, its committees and individual directors, to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

## II. DEFINITIONS

- i. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- ii. **Board or Directors** means Board of Directors of the Company.
- iii. **Key Managerial Personnel (KMP)** means - Chief Executive Officer or the Managing Director or Whole-time Director, Chief Financial Officer and Company Secretary.
- iv. **Senior Management Personnel** means Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors, including Functional Heads and the Company Secretary and the Chief Financial Officer.

## III. ROLE OF COMMITTEE

- 1. **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee shall be:**
  - a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and other employees.
  - b. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial Personnel and Senior Management positions in accordance with the criteria laid down in this policy and as per RBI guidelines.
- 2. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **Policy for appointment and removal of Director, KMP and Senior Management Personnel**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

### **3. Term / Tenure**

#### **a) Managing Director/Whole-time Director:**

- The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **b) Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.
- An Independent Director shall not be on the Board of more than three Middle Layer Non-Banking Financial Company or Upper Layer Non-Banking Financial Company at the same time as per the Master Directions on RBI Scale Based Regulation (SBR) dated October 19, 2023.

### **4. Evaluation**

The Committee shall specify the manner for effective evaluation of performance of the Board of Directors, its Committees and every Director at regular intervals (yearly) as per the provisions of the Companies Act, 2013.

### **5. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **6. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **7. Policy relating to the Remuneration for the Managing Director/ Whole-time Director.**

The remuneration/ compensation/ commission/ increments etc. to the Managing Director, Whole-time Director, will be determined by the Committee after ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Managing Director of the quality required to run the company successfully, relationship of remuneration to performance is clear and meets appropriate performance benchmarks, remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the Board and/or shareholders of the Company as prescribed under the Act.

Increments to the existing remuneration/ compensation structure will be determined by the Committee, and if required shall be recommended for further Board and/or shareholder approval.

### Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and / or Whole-time Director in accordance with the provisions of Schedule V of the Act or as may be prescribed under the Act.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

## **8. Criteria to be considered while appointing KMP, Senior Management Personnel**

The NRC shall consider the present and future requirements of the Company when shortlisting and recommending a candidate for Senior Management position.

The criteria to be considered when assessing prospective candidates for a Senior Management position shall include the following:

- a) The overall experience of the person and the relevant experience in the required field of expertise
- b) Academic records / background, educational qualifications, including specialised qualifications in relevant areas
- c) Highest levels of personal and professional ethics and integrity
- d) Demonstrable leadership skills, good interpersonal relationships and possessing managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, strategic thinking etc
- e) Ability to contribute towards achievement of the business objectives of the Company.

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

In case of vacancy / opening at Senior Management position, the NRC in consultation with the Managing Director shall identify and short list employees to fill such vacancy. The said vacancy/opening may be filled by selecting an employee within the same location/ function or through a lateral transfer of an employee from another location/ function. In the event that there are no suitable internal candidates within the Company for the said position, the NRC may select an external candidate

#### 9. **Policy on remuneration to KMP, Senior Management Personnel and other employee:**

Key principles of compensation would be as under:

- a) Attract and retain: Remuneration packages shall be designed to attract high calibre executives in a competitive market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual's responsibilities and performance.
- b) Motivate and reward: Remuneration shall be designed to motivate delivery of the Company's key business objectives, create a strong performance-orientated environment and reward achievement of meaningful targets over the short and long-term.
- c) Non-monetary benefits: The Executives will be entitled to customary non-monetary benefits such as company car and company health care etc. In few cases company housing may also be offered.
- d) Learning & Development - The Company may invest in providing the best of learning and development opportunities for each individual to enable them to enhance their skills and knowledge.

Executive Remuneration (including the Managing Director & Chief Executive Officer, KMP, Senior Management Personnel and other Executives and Employees) is evaluated annually against performance and a benchmark of companies in NBFC / Banking Sector, which in size and complexity are similar to the Company. The remuneration structure with regards to fixed and variable pay would be guided as per the Compensation policy approved by the Board.

The remuneration and other terms of the key managerial personnel / other employees shall also be subject to terms and conditions as specified in their respective letter of appointment.

The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, medical expenses, club fees etc. for all employees shall be decided and approved by the Managing Director of the Company.

#### 10. **Remuneration to Non- Executive/ Independent Director:**

##### a) Remuneration/ Commission:

- The remuneration/ commission shall be fixed as per statutory provisions, if any and approval of the Board and/or Shareholders be taken, wherever required.

##### b) Sitting Fees:

The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be approved by the Board and prescribed by the Central Government from time to time.

### IV. **COMMITTEE MEMBERS' INTERESTS**

- i. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- ii. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **V. NOMINATION DUTIES**

- A. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- B. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- C. Determining the appropriate size, diversity and composition of the Board;
- D. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- E. Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
- F. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- G. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- H. Recommend any necessary changes to the Board; and
- I. Considering any other matters, as may be requested by the Board.

## **VI. REMUNERATION DUTIES**

- A. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- B. The criteria for fixing remuneration of the other employees and Senior Management including key managerial personnel of the Company would be guided by the Compensation policy approved by the Board
- C. to oversee the framing, review and implementation of compensation policy of the company
- D. to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- E. to consider any other matters as may be requested by the Board.