



## NOMINATION & REMUNERATION POLICY



### **Registered Office**

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## Revision/Change History

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Corporate Affairs Dept.	Board of Directors	1.0	27.03.2015	Approved w.e.f. March 27, 2015
Corporate Affairs Dept.	Board of Directors	1.1	28.03.2019	Reviewed by the Board on March 28, 2019
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Corporate Affairs Dept.	Board of Directors	1.4	10.02.2022	Reviewed by the Board on February 10, 2022
Corporate Affairs Dept.	Board of Directors	1.5	26.03.2024	As per the latest amendments in Companies Act, 2013

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## INTRODUCTION

The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualifications, positive attributes and independence of Directors and recommended to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees of the Company in terms of the provisions of Section 178 (3) of the Companies Act, 2013 (the Act).

### **1) CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, AND INDEPENDENCE OF DIRECTORS:**

#### Qualifications:

The nomination process in the NRC/Board is transparent for encouraging diversity of thorough knowledge, experience, age and gender. The candidate shall possess managerial/business/ administrative qualifications and experience spread over more than a decade in diverse areas particularly, finance, banking and general management. While recommending the appointment the NRC will consider the manner in which the function and domain expertise of the individual will contribute to the various functions of the Company.

The candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Act.

An Independent Director may be selected from the data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors maintained by the Indian Institute of Corporate Affairs (IICA). The responsibility of exercising due diligence before selecting a person from the data bank referred to above, as an independent director shall lie with the company making such appointment. As per the rules, all existing Independent Directors need to empanel with the databank on or before 29.02.2020. Every individual whose name is included in the databank under sub-rule (1) shall pass an Online Proficiency Self-Assessment test conducted by IICA within a period of two year from the date of inclusion of his name in the databank, failing which, his name shall stand removed from the databank.

Provided that an individual shall not be required to pass the online proficiency self-assessment test when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank:

- A) as a director or key managerial personnel, as on the date of inclusion of his name in the databank, in one or more of the following, namely -
- i. listed public company;

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- ii. unlisted public company having a paid-up share capital of rupees ten crore or more; or
  - iii. body corporate listed on any recognized stock exchange or in a country which is a member State of the Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the International Organization of Securities Commissions; or
  - iv. bodies corporate incorporated outside India having a paid-up share capital of US\$ 2 million or more; or
  - v. statutory corporations set up under an Act of Parliament or any State Legislature carrying on commercial activities; or
- B) in the pay scale of Director or equivalent or above in any Ministry or Department, of the Central Government or any State Government, and having experience in handling -
- the matters relating to commerce, corporate affairs, finance, industry or public enterprises; or
  - the affairs related to Government companies or statutory corporations set up under an Act of Parliament or any State Act and carrying on commercial activities.
- C) in the pay scale of Chief General Manager or above in the Securities and Exchange Board or the Reserve Bank of India or the Insurance Regulatory and Development Authority of India or the Pension Fund Regulatory and Development Authority and having experience in handling the matters relating to corporate laws or securities laws or economic laws:

Provided further that the following individuals, who are or have been, for at least ten years:

- ✓ an advocate of a court; or
- ✓ in practice as a chartered accountant; or
- ✓ in practice as a cost accountant; or
- ✓ in practice as a company secretary, shall not be required to pass the online proficiency self-assessment test.

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The candidate shall also meet the “Fit and Proper Criteria” as per the “Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

Positive attributes:

The Directors on the Board of the Company have to discharge their duties under the Act and other laws diligently and are expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also governed by the “Code for Independent Directors” as given in Schedule IV to the Act.

Independence:

An Independent Director shall meet the criteria for “Independent Director” as laid down in Section 149 of the Act.

**2) REMUNERATION POLICY:**

The Company has adopted the Remuneration Policy for the Directors, KMPs and other Employees pursuant to the provisions of the Act based on the following criteria:

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  - ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and;
  - iii. Remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short - term and long - term performance objectives appropriate to the working of the Company and its goals.
- a) Remuneration of Managing Director, Whole Time Director and Manager:

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), shall take into consideration the performance of the Company vis-à-vis the budgets as well as performance of its competitors, the experience of the person, his background, job-profile and suitability, his past remuneration, the comparative remuneration profile in the industry, size of the Company, responsibilities shouldered by the Managing Director / Whole Time Director etc. Any

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remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

b) Remuneration of Non-Executive Director (NED):

- The remuneration to the NEDs is restricted to the sitting fees for attending meetings of the Board of Directors/ Committees of the Board. Commission can also be paid to them as a percentage of profits as per the provisions of the Companies Act, 2013.
- The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees for attending meetings of the Board of Directors/ Committees of the Board provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to NEDs.
- Independent Directors shall not be eligible for stock options of the Company, if any.

Any incidental expense incurred by the Directors with relation to participation in the meetings of the Board and other Committees of the Board shall be reimbursed.

c) Remuneration of KMPs, Senior Management and Other Employees:

The remuneration of the KMPs, senior management and other employees shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of KMPs, senior management and other employees keeping in view of the performance of the business/ function under his control and also the contribution of the business/ function under his control towards the overall performance of the Company.

**3) REVIEW OF POLICY:**

The Nomination & Remuneration Policy shall be reviewed on an annual basis or as and when any amendments, if needed, by NRC and the Board of Directors.

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