

## **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

The Committee stated that as per “NBFC Corporate Governance (Reserve Bank) Directions, 2015”, all applicable NBFC shall form a Nomination Committee to ensure 'fit and proper' status of proposed/ existing directors. The Nomination Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

Since the company was covered under the above criteria, it was proposed to constitute a “Nomination and Remuneration Committee” (NRC).

It was noted that following terms of reference for the NRC committee were placed and recommended by the Board:

1) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal. and to specify the manner for effective evaluation of performance of Board. its committees. Chairperson and individual directors to be carried out either by the Board. by the NRC or by an independent external agency and review its implementation and compliance;

1A) For every appointment of an independent director. the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies. if required;
- b. consider candidates from a wide range of backgrounds. having due regard to diversity; and
- c. consider the time commitments of the candidates.

2) To 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;

3) While formulating the policy, to ensure that –

- a. 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.
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to directors, key managerial personnel and senior management 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.

4) To take into account financial position of the company, trend in the industry appointee's qualifications, experience, past performance, past remuneration, etc. and bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders while approving the remuneration payable to managing director, whole time director or manager;

- 5) To lay down / formulate the evaluation criteria for performance evaluation of independent directors and the Board;
- 6) To devise a policy on Board diversity.
- 7) To review and approve the remuneration and change in remuneration payable to managing director(s);
- 8) To recommend to Board, all remuneration, in whatever form, payable to senior management. ['Senior Management' shall have the same meaning as defined under Regulation 16(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time.];
- 9) To ensure 'Fit & Proper' status of the proposed /existing directors.
- 10) To act as the Compensation Committee in terms of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and
- 11) 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.

The Board discussed the above at length and constituted the NRC committee, approved the terms of reference of the Committee and noted the duties of the board as mentioned above.