



# Capital Finserve Ltd.

CIN: U65921KL1994PLC008301

## NOMINATION AND REMUNERATION POLICY

### 1. Introduction

The Nomination & Remuneration Policy ("Policy") of Capital Finserve Limited ("Company") is formulated under the requirements of applicable laws, including the Companies Act, 2013 as amended ("Act").

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

### 2. Objective and Purpose

The objectives and purpose of this Policy are:-

- ❖ To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company ("Director"); and
- ❖ To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company ("Board").
- ❖ This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors' compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation.

### 3. Definitions

- a) '**Act**' means the Companies Act, 2013 and rules thereunder including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force;
- b) '**Board of Directors**' or '**Board**', in relation to the Company, means the collective body of the directors of the Company;
- c) '**Committee**' means the Nomination and Remuneration committee of the Company, constituted and re-constituted by the Board from time to time in accordance with the provisions of the Act
- d) '**Company**' means Capital Finserve Limited
- e) '**Directors**' means the directors of the Company;

- f) **'Independent Director'** means an independent director defined in Section 2(47) of Companies Act, 2013 or any modification or re-enactment made thereunder and any other applicable laws for the time being in force;
- g) **'Key Managerial Personnel'** (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act;
- h) **'Other employees'** means all the employees other than the Directors, KMPs and the Senior Management;
- i) **'Policy or This Policy'** means, Nomination and Remuneration Policy
- j) **'Remuneration'** means any money or its equivalent given or passed to the Directors, KMPs, Senior Management and other employees for services rendered by them and includes perquisites as defined under the Income-tax Act, 1961;
- k) **'Senior Management'** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads as defined in the Companies Act, 2013.
- l) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **4. Constitution of the Nomination and Remuneration Committee**

The Board of Directors of the Company (the Board) shall constitute the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.

However, the Chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Board has authority to reconstitute this Committee from time to time. The Committee should meet as and when necessary, from time to time.

#### **5. Duties of Nomination and Remuneration Committee**

The following matters shall be dealt with by the Committee:-

**a) Size and composition of the Board:**

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company

**b) Directors:**

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

**c) Evaluation of performance:-**

- Make recommendations to the Board on appropriate performance criteria for the Directors.
- Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third party facilitator in doing so.

**6. General:**

This Policy is divided in two parts:-

*PART A- Criteria for Appointment, Removal and Retirement of Directors, Key Managerial Personnels and Senior Management; and*

*PART B- Criteria for remuneration of Directors, KMP, Senior Management and other employees.*

PART-A

**Criteria for Appointment, Removal and Retirement of Directors, Key Managerial Personnels and Senior Management**

**(a) Appointment criteria and qualifications**

- 1) The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- 2) A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for.
- 3) A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.

**(b) Term / Tenure**

- 1) **Managing Director / Whole-time Director**  
The Company shall appoint or re-appoint any person as its Managing Director and CEO or Wholetime 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
- 2) **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.

### **(c) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### **(d) Retirement**

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

## **PART-B**

### **Criteria for remuneration of Directors, KMP, Senior Management and other employees**

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Remuneration of KMP (excluding the MD/Manager) and/or Senior Management and other employees shall be governed by HR Policy of the Company.

## **7. Policy review**

- a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.
- b) In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee.
- d) Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.