

NOMINATION AND REMUNERATION POLICY

V 3.0

Chinmay Finlease Limited

<i>Proposing Unit</i>	<i>Compliance Department</i>	
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1. BACKGROUND:

The Nomination and Remuneration Committee and this Policy of Chinmay Finlease Limited (“the Company”) has been framed in accordance with the requirements of Section 178 of the Companies Act, 2013, (“Act”) read along with the rules thereunder, if any applicable.

2. APPLICABILITY:

This policy is applicable to all Directors, KMPs and Senior Management.

3. OBJECTIVE:

The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board, its committees and Individual Directors and review its implementation and compliance and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

4. DEFINITIONS:

- a. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. **Board** means Board of Directors of the Company.
- c. **Company** means Chinmay Finlease Limited
- d. **Directors** mean Executive & Non-Executive Directors of the Company.
- e. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f. **Key Managerial Personnel (KMP)** means
 - ✦ Chief Executive Officer or the Managing Director or Manager;
 - ✦ Whole-time director;
 - ✦ Chief Financial Officer
 - ✦ Company Secretary; (Company Secretary means a person appointed by the Board as per Section 203 of the Companies Act, 2013 including rules made thereunder to perform the functions of a company secretary)
 - ✦ Such other officer as may be prescribed under the rules made thereunder.

- g. **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961

Senior Management means the 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

5. COMPOSITION OF COMMITTEE:

a) The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.

b) 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 the Committee.

6. ROLES OF THE COMMITTEE:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of the Company, policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and Senior Management.
- b. To formulate criteria for evaluation of the Members of the Board, its committees and Individual Directors and provide necessary report to the Board for further evaluation of the Board.
- c. To ensure that 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.
- d. To ensure diversity in the Company, workforce should comprise of individuals of varying gender, religion, race, age, ethnicity, education and other attributes.
- e. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.
- f. To provide to Key Managerial Personnel ('KMP') and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- g. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- h. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- i. To ensure 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.

7. RESPONSIBILITIES OF THE COMMITTEE:

The Nomination and Remuneration Committee is responsible for:

1. Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
2. Identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
3. Recommending to the Board on the selection of individuals nominated for directorship;
4. Making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Managements so appointed/reappointed;
5. Assessing the Independence of Independent Directors;
6. Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder.
7. To make 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;
8. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

8. APPOINTMENT OF DIRECTORS/KMPs/SENIOR MANAGEMENT:

1. Appointment Criteria:

A person who is proposed to be appointed as a **Managing Director, Executive Director and/or under any other designation which is defined under the Companies Act, 2013 as Key Managerial Person (KMP)**, shall fulfil the following criteria:

- i) Relevant Experience / Expertise in the Banking / NBFC / Compliance / HR / Technology / Administration and other suitable experience for the post he/she is being proposed to be appointed for.
- ii) Age Group – within 21 – 70 Years, preferably. However, in case a person who meets the other criteria but has crossed the age limit of 70 years, may be considered for appointment, subject to the provisions of Companies Act, 2013 and RBI from time to time.
- iii) The NRC will recommend to the Board whether the qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iv) The Term of appointment shall differ from case to case and person to person basis and the NRC shall have the discretion to recommend a suitable term for appointment.

A person who is proposed to be appointed as an **Independent Director** shall fulfil the following criteria:

- i)
- ii) Relevant Experience / Expertise in the Banking / NBFC / Compliance / HR / Technology / Administration and other suitable experience for the post he/she is being proposed to be appointed for.
- iii) Age Group – within 21 – 70 Years, preferably. However, in case a person who meets the other criteria but has crossed the age limit of 70 years, may be considered for appointment, subject to the provisions of Companies Act, 2013 and RBI from time to time.
- iv) Fulfilling all the criteria for “**Independence**” as per the provisions of Companies Act, 2013.
- v) The Term of appointment shall be for a period of 5 years constituting of a single term and the person can be appointed for a maximum period of 2 consecutive terms. The person may be reappointed by the Company upon expiry of 3 years after the end of second consecutive term.

- vi) The NRC will recommend to the Board whether the qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

The appointed Independent Directors shall undergo the Familiarization Program for Independent Directors, which is a part of this Policy and is placed at **Annexure – I**.

It has to be noted that the role of this committee is to assist the Board in the issues of Nomination and Remuneration. The committee shall recommend its findings to the Board, and the Board shall have the final authority to accept the recommendations of the NRC.

2. Remuneration Criteria:

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and other senior managements. The Directors, KMPs and other senior management's salary shall be based, negotiated & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed under the Companies Act, 2013, including rules made there under, as amended from time to time.

This Committee shall determine individual remuneration packages for Directors, KMPs and Senior Managements of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

Remuneration to Non-Executive / Independent Directors:

The Non-Executive / Independent Director may receive remuneration / compensation / commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. .

Remuneration to Managing Director/ Executive Director / Whole Time Director:

The Remuneration/ Compensation/ Commission etc. to be paid to Managing Director / Executive Director / Whole Time Director shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. Subject to requisite approvals, in addition to the fixed remuneration, Managing Director / Executive Director / Whole Time Director is entitled to receive remuneration within the limits prescribed under

the Companies Act, 2013 and performance-based remuneration, stock options under ESOP Plan.

If, in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its Managing Director / Executive Director / Whole-time Director / Other Directors in accordance with the provisions of Schedule V of the Companies Act, 2013. Further, the proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of Directors.

3. Evaluation Criteria:

This Committee shall evaluate the performance of the Directors and the overall Board and that of its Committee broadly on the basis of below mentioned criteria:

- Whether the Directors / Board have acted in accordance with the provisions of the Articles of Association of the Company.
- The Committee shall evaluate a candidate's mix of skills and qualifications and determine the contribution the candidate could be expected to make to the overall functioning of the Board.
- The Committee shall give due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences.
- With respect to current directors, the Committee shall consider past attendance at meetings and assess the participation in and contributions to the activities of the Board. Whether the Directors / Board have acted in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the Community.
- Whether the Director / Board has exercised their duties with due and reasonable care, skill and diligence and whether the Director / Board have exercised independent judgment.
- Whether the Director / Board have involved in a situation in which he / they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- The Committee shall recommend director to the Board based on its assessment of overall suitability to serve on the Board in accordance with this Policy.
- Whether various Committees of the Board has been appropriately constituted as per the provisions of the Companies Act, 2013 and perform its roles and responsibilities as per the terms of reference.

1. POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:

The Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour/ manner. The honesty, integrity and sound judgement and performance of the Directors and that of its Committees are key criteria for the success and for building a good reputation of the Company, placed at **Annexure – II**

2. REMOVAL OF A DIRECTOR, KMP OR SENIOR MANAGEMENT:

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.

3. GENERAL:

1. **Deviations from this Policy:** Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.
2. **Amendment:** 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. The Board of Directors or any of its authorized Committees shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding.
3. **Policy Review:**
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. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.