

NOMINATION AND REMUNERATION POLICY

FINCARE BUSINESS SERVICES LIMITED

I. Introduction:

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been framed in terms with the Companies Act, 2013 (Section 178, 196,197 and Schedule V) read with applicable rules as amended from time to time,.

II. Applicability:

The Policy is applicable to:

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management

III. General Terms:

This Policy is divided in two parts:

Part – A

covers the nomination and appointment of Directors

PART- B

covers Policy relating to the remuneration for the Whole-Time Director, KMP and Senior Management Personnel

IV. Definition:

- a) **Key Managerial Personnel:** Key Managerial Personnel means—
 - (i) Chief Executive Officer or the managing director or the manager;
 - (ii) Company Secretary,
 - (iii) Whole-time director;
 - (iv) Chief Financial Officer; and
 - (v) Such other officer as may be prescribed by the Central Government.
- b) **“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;
- c) **“Senior Management”** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- d) **“Independent Director”** means a director other than a managing director or a whole-time director or a nominee director,—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—
 - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - iii. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - iv. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - v. holds together with his relatives two per cent. or more of the total voting power of the company; or
 - vi. is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
 - vii. who possesses such other qualifications as prescribed below: An independent director shall possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

I. Appointment criteria and qualifications:

- (i) 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.
- (ii) 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 is sufficient / satisfactory for the concerned position.
- (iii) The Company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of

shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- (iv) The Committee to ensure that every person appointed/ to be appointed as director of the company fulfills the criteria of fit and proper as stipulated by the RBI guidelines and adopted by the company in the Policy of Fit and Proper Criteria of Directors.

II. Term / Tenure:

(i) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, 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.

(ii) 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.

III. Evaluation:

The Committee shall carry out evaluation of performance of every Director and KMP and Senior Management on yearly basis or any other frequency as decided by the Board from time to time.

IV. 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 and or any other conditions at 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 Companies Act, rules and regulations.

V. Retirement:

The Director, KMP and Senior Management Personnel 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 Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART B

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The remuneration / compensation / commission etc. to the Whole-time Director/ Managing Director, Senior Management and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. The remuneration to the whole-

time director, KMP and senior management personnel will be based on their performance and their contribution towards the growth of the Company.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board and subject to approval of Shareholders as per the Companies Act, 2013 in the case of Whole-time Director.

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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

B. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management:

i. Remuneration:

Remuneration to Director/ KMP and Senior Management should involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to working of the Company and its goal.

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/ Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

B. Remuneration to Non- Executive / Independent Director:

i. Remuneration:

The remuneration shall be fixed as per the slabs in the Companies Act, 2013 and the rules made thereunder subject to the decision of the Board.

ii. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as may be decided by the Board from time to time.

iii. Commission:

Commission may be paid within the monetary limit approved by shareholders and recommendation of Board, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

This document has been approved by the Board of Directors vide circular resolution dated 4th April, 2017.