



**Nomination and Remuneration  
Policy for Directors,  
Key Managerial Personnel and  
Senior Management Employee**



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## 1. Introduction

The Company considers human resources to be a critical and valuable resource. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and senior management employees has been formulated in terms of the provisions of the Companies Act, 2013 read along with the applicable rules thereto, as amended from time to time, in order to attract and retain the appropriate talent, pay a fair remuneration to the Directors, KMPs and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

## 2. Objectives

- 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 policies relating to the remuneration of the Directors, Key Managerial Personnel and other senior management employees.
- To formulate the criteria for evaluation of performance of all the Directors on the Board;
- To lay out remuneration principles for Directors and KMP's linked to their responsibilities, performance and achievement relating to the role fulfilled and in meeting the Company's objectives, overall governance and goals.

## 3. Scope

This policy prescribes guideline, criteria and principles for the Committee for recommending to the Board the nomination and remuneration of the directors, key managerial personnel and senior management of the Company

## 4. Constitution of the Nomination, Compensation and Remuneration Committee

The Board has constituted the "Nomination and Remuneration Committee" of the Board on August 20, 2018. This is in line with the requirements under the Companies Act, 2013 ("Act"). The Board has authority to reconstitute this Committee from time to time.

## 5. Definitions

5.1 'Board' means Board of Directors of the Company.

5.2 'Directors' means Directors appointed to the Board of the Company and includes nominee Directors appointed as per terms of the Articles of Association of the Company.

5.3 'Committee' means Nomination Compensation and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.



5.4 'Company' means Swadhaar FinServe Private Limited.

5.5 'Independent Director' means a Director referred to in Section 159 (6) of the Companies Act, 2013 and rules.

5.6 'Key Managerial Personnel (KMP)' means-

- the Managing Director or the Chief Executive Officer or a Whole-time Director;
- the Company Secretary; and
- the Chief Financial Officer

5.7 Senior Management means personnel of the company who are designated as COO, Head of Business, , Head of Risk and Head of Internal Audit. The Committee would review the definition annually depending on the organization structure of the Company.

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.

## 6. Policy

### I. Policy for appointment and removal of Director, KMPs and Senior Management

#### A. Appointment criteria and qualifications

i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP's and recommend to the Board his / her appointment.

ii. A person to be appointed as Director or KMP 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 are sufficient / satisfactory for the concerned position.

iii. A person, to be appointed as a 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, complementary skills in relation to the other Board members.

iv. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the



committee 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 as the case maybe.

- v. A whole time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

#### **B. Term/Tenure**

##### **a. Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. Re-appointment shall be made before the expiry of term, based on an evaluation of the performance for a minimum period of three years.

##### **b. 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 as per the Companies Act, 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. However, if a person who has already served as an Independent Director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

#### **C. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under 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 or KMP subject to the provisions and compliance of the said Act, rules and regulations.

#### **D. Retirement**

The Whole-time Directors, 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 Whole-time Directors, KMP and senior management personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

## **II. Remuneration to Directors and Key Managerial Personnel**

### **A. Remuneration to Managing Director / Whole-time Directors:**

- The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. 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 and the approvals obtained from the Members of the Company.
- The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

### **B. Remuneration to Non- Executive / Independent Directors:**

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - i) The Services are rendered by such Director in his capacity as the professional; and
  - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).



### **C. Remuneration to Key Managerial Personnel and Senior Management:**

- The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- The variable pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate. KMP's and senior management having risk and control responsibilities should not be paid variable pay linked to business targets, though overall Company performance could be a guiding factor. The Board may at their discretion decide on claw back of variable pay paid on earlier for any years to Executive Director, KMP's, senior management relating to separation before pre agreed periods and/ for any clause, as per Company Policy.

D. The Remuneration to the directors and key managerial personnel shall be in line with the limits prescribed under provisions of the Companies Act, 2013 and rules made there under.

E. The Committee shall periodically review the remuneration payable to the directors and key managerial personnel and recommend any revision thereof on the basis of financial condition of the Company and performance of the director or key managerial personnel.

F. Loan and advances to directors, key managerial personnel and senior management: The Committee shall review and approve the loans and advances to directors in line with the requirements of provisions of Companies Act, 2013 and rules made there under. Loan and advances to key managerial personnel and senior management should be as per the Company's policy.

### **7. Modification and Amendment**

This policy is subject to modification and amendments from time to time as recommended by NRC and approved by the Board.

The custodian of this policy is Head of Human Resource.