

## **NOMINATION AND REMUNERATION POLICY**

### **1. PREAMBLE**

Mahaveer Finance India Limited (“MFIL” or the “Company”) has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the “Act”).

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP 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.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### **2. DEFINITIONS:**

- a. **Independent Director** means a director referred to in Section 149(6) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- b. **Key Managerial Personnel** (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.
- c. **Nomination and Remuneration Committee** (“the Committee”), by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- d. **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.
- e. **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.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time or the Accounting Standards shall have the meanings assigned to them in these regulations.

### **3. COMPOSITION AND ROLE OF NOMINATION AND REMUNERATION COMMITTEE:**

The composition and role of the Committee is / shall be in compliance with the provisions of Section 178 of the Act and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (whenever and wherever applicable), as amended from time to time.

### **4. CRITERIA FOR DETERMINING APPOINTMENT OF DIRECTOR (INCLUDING INDEPENDENT DIRECTORS):**

- a) Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- b) Their financial or business literacy/skills.

- c) Their experience in Industries relating/ similar to business of MFIL.
- d) Appropriate other qualification/experience to meet the objectives of the Company.
- e) As per the applicable provisions of Companies Act 2013, Rules made thereunder, Schedule IV of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (whenever and wherever applicable), as amended from time to time.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

The selection of Directors can be made in any of the following ways:

- on recommendation of the Chairman or any other Director
- by way of recruitment from outside based on market reputation
- by way of selection from the data bank of Independent Directors maintained by the Government
- from within the Company hierarchy.

**5. POSITIVE ATTRIBUTES OF DIRECTORS AND INDEPENDENCE (INCLUDING INDEPENDENT DIRECTORS):**

- a) Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- b) Actively update their knowledge and skills with the latest developments in the financial services industry, Non banking financial companies and applicable legal provisions.
- c) Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- d) To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- e) Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- f) To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- g) Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (whenever and wherever applicable), as amended from time to time. The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such Directors as per the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Regulations. Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue. The Board reserves the right to determine that any director is not independent even if he or she satisfies the criteria set forth by the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Regulations.

**6. CRITERIA FOR APPOINTMENT OF KMP/SENIOR MANAGEMENT:**

- a) To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- b) To practice and encourage professionalism and transparent working environment.
- c) To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- d) To adhere strictly to code of conduct of the Company.

The selection of Key Managerial Personnel and Senior Management can be made in any of the following ways:

- by way of recruitment from outside
- from within the Company hierarchy
- or any other way as governed by the prevailing HR Policy.

**7. TERM AND REMOVAL**

- a) Term of Directors shall be as per the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Regulations.
- b) Term of KMP/Senior Management shall be governed by the prevailing HR policy of the Company.
- c) Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

**8. REMUNERATION**

- a) The remuneration / compensation / commission etc. to Directors will be determined by the Committee as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force and as amended from time to time and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required.
- b) Independent Directors and Non-executive Directors shall receive sitting fees for attending meetings of the Board and/or committees of the Board as per the provisions of the Act and rules made thereunder, as amended from time to time and as may be decided by the Committee/ Board.
- c) Remuneration / compensation / commission to the KMP/Senior Management shall be based on the standard market practice and prevailing HR policies of the Company.

**9. EVALUATION**

The Committee shall carry out evaluation on annual basis of performance of a) every Individual Director (including Chairperson and Independent Directors), b) the Board as a whole and c) Board Committees.

- a) The Committee shall identify evaluation criteria which will evaluate individual Directors/Board/Committee/ Independent Directors/ Chairman based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.
- b) The independent Directors of the Company as per the provisions of clause VII of Schedule IV of the Companies Act, 2013, shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting;

The meeting shall:

- (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- c) The Framework for performance evaluation of Independent Directors and the Board is decided by Board and the Committee time to time.

#### **10. REVIEW**

The Committee or the Board may review the policy as and when it deems necessary. The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with new provisions or replace this Policy entirely with a new Policy.

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