

2021

Nomination and Remuneration Policy

This document details the Nomination and
Remuneration Policy of the Company



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1. INTRODUCTION

CapFloat Financial Services Private Limited (The Company) recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and other shareholders. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

This policy seeks to document the practices and procedures to be followed by the Company for appointment of Directors and their remuneration. The objective of the Director's appointment and remuneration policy is to regulate the appointment and remuneration of Directors (including Independent Directors), Key Managerial Personnel (KMP), Senior Management and other employees as per the criteria formulated by the Nomination and Remuneration Committee of the Board under the requirement of the Companies Act, 2013 read with applicable Rules and Regulations under the Act and the RBI guidelines.

The policy shall ensure that the Company has a Board with diverse background and experience in areas that are relevant for the Company. It also seeks to lay down principles for fixing the remuneration/compensation to attract and retain the best suitable talent on the Board of the Company.

2. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 and Guidelines of Reserve Company of India on Corporate Governance Norms for NBFCs. The Key Objectives of the Committee would be:

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

3. 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 CapFloat Financial Services Private Limited
- d. Directors mean 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
 - The Manager;
 - Whole-time director;
 - Chief Financial Officer
 - Company Secretary;
 - such other officer as may be prescribed.
- 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
- h. Senior Management means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads

4. RESPONSIBILITIES OF THE COMMITTEE

The Nomination and Remuneration Committee is responsible for:

- a. 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;
- b. identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- c. recommending to the Board on the selection of individuals nominated for directorship;
- d. making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Managements so appointed/reappointed;
- e. assessing the independence of independent directors;
- f. 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.
- g. 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;
- h. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

5. COMPOSITION OF NOMINATION & REMUNERATION COMMITTEE

The Board of Directors of the Company have formed the Nomination & Remuneration Committee comprising of following persons;

Sl. No	Name of the Member	Designation
1.	Mr. Sashank R Rishyasinga	Director
2.	Mr. Venkataraman Murali	Independent Director
3.	Mrs. Ina Malhotra	Independent Director
4.	Mr. Mohamed Salim Asaria	Nominee Director

6. APPOINTMENT OF DIRECTORS/KMPs/SENIOR MANAGEMENT

a. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- the skills and experience that the appointee brings to the role of KMP/Senior Management and how an appointee will enhance the skill sets and experience of the Board as a whole;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

b. Personal specifications:

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Having continuous professional development to refresh knowledge and skills.

7. FIT AND PROPER CRITERIA.

The Nomination and Remuneration Committee shall undertake a process of Due Diligence based on the criteria of qualifications, technical expertise, track record, integrity etc. The basic objective of ascertaining the fit and proper criteria shall be to put in place an internal supervisory process on a continuing basis and to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board of the Company.

The Candidate at the time of appointment and at the time of the renewal of Directorship shall fill in such form as approved by the Nomination and Remuneration Committee to enable the Committee undertake such exercise of ensuring the 'Fit and Proper Criteria'.

The Committee shall undertake such Due Diligence exercise at the time of appointment of the Directorships of the incumbent. The indicative criteria for determining the 'fit and proper' criteria shall be as per the fit and proper policy of the Board.

8. CRITERIA FOR INDEPENDENCE - For Directors to be appointed as Independent Director on Board of the Company.

An independent director in relation to a company, 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—
 - 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;
 - 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—

- i. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - ii. 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;
- holds together with his relatives two per cent or more of the total voting power of the company; or
 - 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
- f. who possesses such other qualifications as may be prescribed.

9. 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.

10. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior managements. The Directors, Key Management Personnel and other senior management's salary shall be based "& determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines 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.

11. MONITORING AND EVALUATION

The Nomination and remuneration Committee shall evaluate the performance of the Directors and the overall Board 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 assemble all information regarding a candidate's background and qualifications to determine if the candidate possesses or satisfies the minimum skills and qualifications that a director must possess.
- 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 and for the protection of environment.
- 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.

12. POLICY REVIEW

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.

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.