



Capsave Finance Private Limited Nomination and Remuneration Policy

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1. INTRODUCTION

Capsave Finance Private Limited (“the Company or CFPL”), is a 100% subsidiary of “Rent Alpha Private Limited” and the Company’s primary business is advancing leasing facility and financing.

The Company is Non – Deposit Non-Banking Financial Company ('NBFC') under section 45-IA of the Reserve Bank of India Act, 1934. The Company received the Certificate of Registration vide Registration No. B - 1301702 from the RBI on 05 February 2004, enabling the Company to carry on business as a Non-banking Finance Company without acceptance of public deposits. The Company has become a ‘Systematically Important’ Non-Deposit Accepting or Holding NBFC (NBFC ND SI).

The Company’s primary business is advancing leasing facility, working capital financing and term loan financing, purchase of rental receivables. Range of equipment leased include IT, Plant & Machinery, ATMs, Furniture & Fit Outs, etc.

The Board of Directors (“Board”) of the Company, has constituted the Nomination and Remuneration Committee (NRC) in accordance with the provisions of the Companies Act, 2013 and adopted the Nomination and Remuneration Policy (“NRC Policy”) in compliance with the Companies Act, 2013 and pursuant to the Reserve Bank of India Master Direction of NBFC ND SI.

In order to comply with these requirements and as a good Corporate Governance practice, this policy is adopted for implementation by the Board of Directors (the “Board”) of the Company.

2. OBJECTIVES

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the Board of Directors of the Company (“Directors”), Key Managerial Personnel (the “KMP”), persons who may be appointed in senior management positions (“SMP”), to recommend the remuneration to be paid to them and to evaluate their performance. This Policy provides a framework for:

Identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed as KMP, SMP in accordance with the criteria laid down, and recommend to the Board for their appointment and removal

- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- Specifying framework for remuneration of Directors, KMPs and SMPs, based on factors including the Company’s size, financial position, trends and practices on remuneration prevailing in peer companies in the similar industry.
- To provide to Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.

- To develop a succession plan for the Board and to regularly review the plan

3. APPLICABILITY:

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

“Key Managerial Personnel (KMP)” means Key Managerial Personnel as defined under sub-section (51) of Section 2 of the Companies Act, 2013 as under:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Whole-time Director;
- (iii) the Chief Financial Officer;
- (iv) the Company Secretary;
- (v) such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

“Senior Management Personnel (SMP)/Senior Officials” 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/CEO/Whole Time Director including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations/RBI regulations.

4. Constitution of the Nomination and Remuneration Committee (“NRC” or “Committee”):

The NRC means a Committee of Directors constituted under Section 178 of Companies Act, 2013, read with rules made thereunder.

- i. The Board shall determine the membership of the Committee.
- ii. The Committee shall comprise of at least three members, all of whom shall be Non-Executive Directors, and at least fifty percent of whom shall be Independent Directors.
- iii. One of the Independent Non-Executive Director shall be designated by the Board to serve as the Committee’s Chairman. Provided that the Chairperson of the listed entity, whether Executive or Non-Executive, may be appointed as a member of the Committee and shall not chair the Committee.

5. ROLE OF NOMINATION AND REMUNERATION COMMITTEE:

5.1. Matters to be dealt with, perused and recommended to the Board by the NRC

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- Recommend to the Board, appointment including the terms and removal of Directors, KMPs and Senior Management Personnel.
- Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
- Ensure that the proposed appointees have given their consent in writing to the Company;
- Ensure that the proposed candidates meet the “Fit and Proper Criteria” as provided in the “Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions” or any amendments thereof from time to time;

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

5.2.1. Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director with the objective of having a Board with diverse background and experience in business, education and public service and recommend to the Board his / her appointment.
- Attributes expected of all Directors include independence, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.
- Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder and other applicable rules and regulations. The NRC shall check that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act before his/ her appointment as an Independent Director.
- No person shall be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

- A person shall 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. In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations, management, public policy, legal, governance and other disciplines.
- The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.
- The Company shall not appoint or continue the employment of any person as Whole-time 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. No re-appointment of a Whole-time Director shall be made earlier than one year before the expiry of the current term.
- In determining whether to recommend a Director for re-election, the Committee shall consider the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

5.2.2. Term/ Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Chairman, Managing Director or Executive Director for a term not exceeding Five years at a time. As mentioned above, no re-appointment shall be made earlier than one year before the expiry of the current term.

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, 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.

- At the time of appointment of Independent Director it shall be ensured that the number of Boards on which such Independent Director serves as an Independent Director is

restricted to seven listed companies and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

5.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMPs and Senior Management Personnel at regular interval (Yearly).

A. Non-Executive Directors/ Independent Directors:

The NRC shall carry out evaluation of performance of Non-Executive Directors/ Independent Directors every year ending March 31st on the basis of the following criteria:

1. Number of the Board/ Committee meetings attended
2. Contribution during the Meetings.
3. Informal Interaction with the Management
4. Active Participation in strategic decision making
5. Inputs to executive management on matters of strategic importance

B. Executive Directors

The Committee shall carry out the evaluation of every Executive Director, on a yearly basis.

C. Senior Management/ KMPs/ Employees

- The Human resource (“HR”) Department shall carry out the evaluation of the senior management/ KMPs/ employees, every year ending March 31st, with the Department Head(s)/ Management concerned.
- Key Responsibility Areas (“KRAs”) shall be identified well in advance. Performance benchmarks shall be set and evaluation of employees shall be done by the respective reporting Manager(s)/ Management to determine whether the set performance benchmarks are achieved.
- The payment of remuneration/annual increment to the aforementioned persons shall be determined after the satisfactory completion of evaluation process.
- The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMPs/Senior Management Personnel/Employees.
- The objective of carrying out the evaluation by the Company shall be to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis shall be provided to employees, whose performance during any financial year does not meet the benchmark criteria.

D. Fit and Proper Criteria

- The Board of Directors of the Company while nominating/ co-opting directors should be guided by certain broad 'fit and proper' norms for directors, viz. formal qualification, experience, track record, integrity etc. For assessing integrity and suitability features like criminal records, financial position, civil actions initiated to pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators or similar bodies, previous questionable business practices etc should be considered. The Board of Directors may, therefore, evolve appropriate systems for ensuring 'fit and proper' norms for directors, which may include calling for information by way of self-declaration, verification reports from market, etc.
- The candidate should normally be a graduate (which can be relaxed while selecting directors for the categories of farmers, depositors, artisans, etc.).
- The upper age limit for CEO & MD and other Whole Time Directors (WTDs) of the Company should be 70 years. He/she should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council. The upper age limit for non- executive Director and Chairman shall be 75 years.
- The Director shall furnish his Director Identification Number and a declaration that he is not disqualified to become a director under the Companies Act, 2013. The Director shall provide such other confirmation/consent/disclosures as required under the Act, Listing Regulations and applicable RBI Guidelines.

5.2.4. Removal

Due to reasons of any disqualification mentioned in the Act or under any other applicable Acts, rules and regulations thereunder, 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 said Act, rules and regulations.

5.2.5. Retirement

The Director, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board shall have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5.3. Policy relating to the Remuneration for the KMP and Senior Management Personnel

5.3.1. General:

- a) NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other employees ensures that:
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to Directors, KMPs 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.
- b) The remuneration / compensation / commission etc. to the Executive Directors, KMPs and Senior Management Personnel 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.
- c) The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Directors, the Chief Executive Officer, the 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.

5.3.2. Remuneration to Whole-time Directors, KMPs and Senior Management Personnel:

a) Fixed pay:

The Executive Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as approved by the Board/ Committee, as the case may be. The breakup 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/ Committee/ the Person authorized by the Board/ Committee and approved by the shareholder and Central Government, wherever required.

b) 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 Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the approval of the Central Government.

5.3.3. Remuneration to Non- Executive / Independent Director:

- Overall remuneration shall be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.
- Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and the committees of which they may be members) and commission within the regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.
- Within the parameters prescribed by law, the payment of sitting fees and commission shall be recommended by the NRC and approved by the Board.
- Overall remuneration (sitting fees and commission) shall be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). Provided that the amount of such fees shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules thereunder or any other enactment for the time being in force.
- Overall remuneration practices shall be consistent with recognised best practices.
- In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, Client Visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

6. REVIEW OF THE POLICY

This Policy will be reviewed periodically, atleast on annual basis, based on the emerging environment.