

# NOMINATION AND REMUNERATION POLICY OF

## Navi Finserv Private Limited

(Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)



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| Version No.                       | NRP/1.0/2020-21    |
| Originally adopted Date of Policy | February 18, 2021  |
| Amended/Modified Date of Policy   | -                  |
| Policy owner                      | NR Committee       |
| Approved by                       | Board of Directors |
| Signature                         |                    |

## NOMINATION AND REMUNERATION POLICY

### Introduction

Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ("**Navi**" or the "**Company**") has formulated this Nomination and Remuneration Policy ("**Policy**") in compliance with Section 178 of the Companies Act, 2013. This Policy on nomination and remuneration of Directors and Key Managerial Personnel has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors.

### Objectives

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company; and
- To recommend policy relating to the remuneration of the Directors and KMP to the Board.

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a Committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors' compensation based on this evaluation; making recommendations to the Board with respect to compensation KMP and recommending incentive and compensation that are subject to approval of the Board.

### Definitions

In this Policy, the following terms shall have the following meanings:

"**Board**" means Board of Directors of the Company.

"**Committee**" means the nomination and remuneration committee constituted by Board in accordance with the provisions of Section 178 of the Companies Act.

"**Companies Act**" means the Companies Act, 2013 and the rules and regulations thereunder.

"**Director**" means a director appointed to the Board of the Company.

"**Independent Director**" means a Director referred to in Section 149(6) of the Companies Act.

"**Key Managerial Personnel**" or "**KMP**" means

- (i) the chief executive officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the chief financial officer; and
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under the Companies Act.

"**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.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act and any regulations as notified by Stock Exchange Board of India as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Nomination & Remuneration Committee**

The Board has constituted the Committee of the Board in line with the requirements under the Companies Act. The Board has authority to reconstitute this Committee from time to time.

The Committee shall consist of three or more non-executive directors out of which not less than one half shall be independent directors.

The purpose of the Committee shall be to:

- (i) assist the Board in discharging its responsibilities relating to compensation of the Company's Directors and Key Managerial Personnel;
- (ii) evaluate and approve the adequacy of the compensation plans, policies, programs and succession plans for Company's Executive Directors and KMP (including identifying persons to be appointed to positions of KMP in accordance with identified criteria and to recommend to the Board their appointment and removal);
- (iii) formulate the criteria for determining qualifications, positive attributes and independence of a director and for performance evaluation of Directors on the Board;
- (iv) oversee the Company's nomination process for the KMP and identify, screen and review individuals qualified to serve as Directors and KMP consistent with criteria approved by the Board;
- (v) recommend appointment and removal of Directors, for approval at the meeting of shareholders;
- (vi) carry out evaluation of the performance of the Board and review the evaluation's implementation and compliance;
- (vii) leadership development; and
- (viii) develop and maintain corporate governance policies applicable to the Company.

The purpose and responsibilities of the Committee shall include such other items as may be prescribed by applicable law or by the Board in compliance with applicable law from time to time.

### **General**

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and removal of Directors and Key Managerial Personnel; and

Part – C covers remuneration for Directors, KMP and other employees.

## Part – A covers the matters to be dealt with and recommended by the Committee to the Board

The following matters shall be dealt with by the Committee: -

- (a) Size and composition of the Board: Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.
- (b) Directors: Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.
- (c) Succession plans: Establishing and reviewing Board and KMP succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Management.
- (d) Evaluation of performance:
  - a. Make recommendations to the Board on appropriate performance criteria for the Directors.
  - b. Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
  - c. Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.
- (e) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- a. Remuneration of executive Directors to be presented for shareholders' approval including severance, if any.
  - b. Individual and total remuneration of non-executive Directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees.
  - c. the remuneration and remuneration policies for KMP including base pay, incentive payments, equity awards, retirement rights, severance pay if any and service contracts having regard to the need to:
    - i. attract and motivate talent to pursue the Company's long term growth;
    - ii. demonstrate a clear relationship between executive compensation and performance;
    - iii. be reasonable and fair, having regard to best governance practices and legal requirements; and
    - iv. balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.
- (f) The Company's incentive compensation including a consideration for performance should meet thresholds as set out in applicable law and meet market requirements.

## Part – B POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR AND KMP

### Appointment Criteria and Qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position they are 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.
3. A person, to be appointed as 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 and complementary skills in relation to the other Board members.
4. The Company shall not appoint or continue the employment of any person as Managing Director / executive Director who has attained the age of sixty 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 sixty years/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 sixty years/seventy years as the case may be.

### Term / Tenure:

1. **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.
2. **Independent Director:**
  - i. 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.
  - ii. 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company or such other date as may be determined by the Committee as per regulatory requirement, they shall be eligible for appointment for one more term of 5 years only.
  - iii. 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 Director of a listed company.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director and Key Managerial Personnel at regular interval (yearly).

**Removal:**

Due to reasons for any disqualification mentioned in the Companies Act or any other applicable law, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or Key Managerial Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Retirement:**

Each Director and Key Managerial Personnel shall retire as per the applicable provisions of the Companies Act and the prevailing policy of the Company. The Board will have the discretion to retain any Director or Key Managerial Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the company.

## **Part C: Remuneration Policy for Directors, Key Managerial Personnel and other Employees**

### **Remuneration to Executive Directors and Key Managerial Personnel**

The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

The remuneration and commission to be paid to the Directors shall be in accordance with the provisions of the Companies Act. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders of the Company in the case of Managing Director/ Whole-time Director.

Where any insurance is taken by the Company on behalf of its Directors and KMP 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.

### **Remuneration to Non-Executive Directors**

The Board on the recommendation of the Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

Non-Executive Directors may be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non-Executive Directors may also be entitled to profit related commission in addition to the sitting fees.

### **Remuneration to Other Employees**

The compensation for other employees would be as per the HR policy of the Company, as revised through the annual compensation review process from time to time and approved by the Chief Executive Officer in consultation with the HR.

### **Policy review**

This Policy is framed based on the provisions of the Companies Act. In case of any subsequent changes in the provisions of the Companies Act or any other applicable law which makes any of the provisions in the Policy inconsistent with the Companies Act or other applicable law, then the provisions of the Companies Act or other applicable law would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with applicable law.

This Policy shall be reviewed by the Committee as and when any changes are to be incorporated in the Policy due to change in law or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

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