



NOMINATION AND REMUNERATION POLICY

Preamble:

The company strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment in line with its' values and business principles as reflected in its' 'Vision and Mission' statement. This policy covers the remuneration for members of the Board and the company's executives together with other terms of employment.

The objective:

The object of this remuneration policy is to attract, motivate and retain qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of the company's stakeholders.

1. Nomination and Remuneration Committee:

The Committee's constitution and terms of reference is in compliance with provisions of Section 178 of the Companies Act, 2013.

The Board of Directors constitute a Nomination and Remuneration Committee consisting of three members of the Board of Directors majority of who are independent. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and the senior management personnel, who may be appointed in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.

The committee shall work in accordance with a special mandate of the Board. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director from time to time. The Committee shall also carry out evaluation of every director's performance.

The Nomination and Remuneration Committee shall be advisory to the Board of Directors regarding remuneration payable to the members of the Board and terms of employment for the executives of the company and in formulating a Remuneration policy. The committee shall also supervise that the terms of employment of employees are in line with the Remuneration Policy.



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The details of composition of the Nomination and Remuneration Committee along with attendance of the Committee Members at the meetings held during the year shall be disclosed in the Annual Report of the company.

2. Remuneration of the Board of Directors

The Promoter Directors are not paid any salary or commission. The whole-time director shall be paid a monthly salary and any other benefits as decided by the Annual General Meeting, as per provisions of the Companies Act, 2013. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel of the quality required to run the company successfully.

Remuneration payable to the members of the Board, shall take into account the time spent by the Board Members on their duties, their responsibilities, as well as the operational and economical performance of the Company. Additional payments may be effected to individual Board members for specific projects which cannot be classified as ordinary tasks and as well to the members of the Sub-Committees of the Board, as per provisions of the Companies Act, 2013. Payments for such tasks shall be subject to approval by the Board. Remuneration to Directors, Key Managerial personnel 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.

The Company shall indemnify for the Board of Directors and the Key Managerial Personnel for all claims that may eventually be made against them, connected to their work on behalf of the Company by taking a Directors' and Officers' Liability Insurance Policy.

3. Senior Executives –Terms of employment

3.1 Remuneration: The remuneration shall be fixed considering the educational qualifications, work experience, previous employment, remuneration paid to similar positions by companies in the peer group. Details of remuneration and other benefits, as well as terms of notice, shall be mentioned in the employment contract. Ex-gratia and stock incentives if any shall also be included in the employment contract, as specified in the Remuneration Policy.

When stipulating the period of notice for termination of the employment contract, the period may be directly related to the nature or duration of the employment of the Senior Executives. The employment contract shall also stipulate the terms of notice.

Senior Executives shall also be considered for sanction of an appropriate annual increment and or other benefits based on evaluation of their performance in well defined Key Result Areas (KRAs) vis a vis the performance of the company. Likewise, they



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shall also be considered for promotion to a higher grade at appropriate time intervals. The employment contract should include and stipulate all payments due to the Senior Executives upon termination of the contract.

3.2 Other benefits: The employees may be paid ex-gratia and or other incentives, based on specific plans prepared by the Nomination and Remuneration Committee and the Board of Directors. Incentives shall be directly related to the work performance of the individual employees, their position and responsibility, the performance of the company, achievements vis a vis the targets, etc. Such incentives shall be paid to employees who are still working for the Company or when the incentives are due for payment for the period of service rendered.

3.3 Guiding principles for remuneration and other terms of employment:

The Nomination and Remuneration Committee considers

- a) The financial position and profitability of the company;
- b) Nature and responsibility of the financial position and
- c) Remuneration packages prevailing in industry or other comparable organizations in regard to the size and complexity of operations.

The annual report of the company shall set out details of the total remuneration and benefits allowed to the Senior Executives drawing a total remuneration of above Rs. 60 Lakhs per annum or such higher sum stipulated under the Companies Act, 2013.

3.4 The Principal terms of non-monetary benefits, superannuation, notice of termination and severance pay

i) Non –monetary benefits:

The executives may be provided customary non-monetary benefits such as company cars and company health care or medical allowance. In addition thereto in individual cases company housing and other benefits may also be offered.

ii) Long Term Incentives:

Long Term Incentives (“LTI’s”) may be provided to certain senior executives and eligible employees to reward creation of shareholder value and to create further value as well as to attract and retain executives.

The company believes that the most significant value that can be created for shareholders will occur by way of Senior Executives’ delivering on the strategic outcomes and goals set by the Board from time to time.



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4. Additional provisions:

In addition to the main conditions of employment, a number of additional provisions apply to members of the Board. These additional arrangements, such as expense and relocation allowances, medical insurance, accident insurance and company car arrangements are broadly in line with those of other competitive companies. They also benefit from coverage under the Company's Directors and Officers (D&O) policies. The company policy forbids personal loans to Non-Executive Directors and the loans to Working Directors would be as permitted by the Companies Act, 2013.

5. The Board of Directors is the competent authority to approve any deviations in the above terms, in specific cases.

6. Corporate Governance:

i. Measures to enhance governance:

- **Chair and Meetings of the Board of Directors:**

The Chair of the Board shall be an independent director. In the absence of the Chair of the Board, meetings of the Board shall be chaired by an independent director. The quorum for the Board meetings shall be one-third of the total strength of the Board or three directors, whichever is higher. Further, at least half of the directors attending the meetings of the Board shall be independent directors.

- **Tenure of Managing Director (MD)/ Chief Executive Officer (CEO) and Whole - time Directors (WTDs):**

Tenure of MD/ CEO or WTD shall not be for a period of more than five years at a time and the individual shall be eligible for re-appointment. However, the post of the MD/ CEO or WTD shall not be held by the same incumbent for more than fifteen years continuously. Thereafter, the individual shall be eligible for re-appointment as MD/ CEO or WTD in the same ARC, if considered necessary and desirable by the Board, after a minimum gap of three years, subject to meeting other conditions. During this three-year cooling period, the individual shall not be appointed or associated with the ARC in any capacity, either directly or indirectly. The ARCs shall put in place appropriate measures to ensure succession planning.

- **Age of the MD/ CEO and WTDs:**

The age of retirement of the MD /CEO or WTD shall be 70 years.

- **Performance Review:**

The performance of MD/ CEO and WTD shall be reviewed by the Board annually.



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ii. **Fit and proper criteria of Directors / CEO and sponsors**

The Nomination and Remuneration Committee shall scrutinise the declarations provided by the applicants at the time of appointment / re-appointment of Director or MD / CEO to assess suitability of the person for the post, based upon the track record, integrity and other fit and proper criteria.

Updated declarations shall be obtained from Directors / MD / CEO and sponsors of the company on annual basis as on 31st March of each year within 30 days from close of the year for review.

Any change in the position in respect of clauses 3 and 4 of Declaration (namely Proceedings, if any against the Director/ MD / CEO; and Any other explanation / information considered relevant for judging the Director / MD / CEO respectively) be communicated to the Department of Regulation of Reserve Bank of India for its consideration.

7. **Succession Planning:**

The Policy focuses mainly on the Succession Planning at the Board level and KMPs.

- i. For vacancies in the Board level and KMPs, the NRC shall identify and recommend to the Board names of the candidates who have requisite qualifications and attributes for being considered for such positions by calling for applications through print media, or through solicitation.
- ii. The NRC shall undertake a process of due diligence to determine the suitability of the person for appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- iii. NRC shall identify candidates keeping in view the eligibility criteria stipulated by the Reserve Bank of India for appointment to the positions of Managing Director / CEO / Whole-time Director.

The Nomination and Remuneration Committee shall carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory / regulatory notification, amendment or modification, as may be applicable and to perform such other functions as may be necessary or appropriate in discharge of its duties.
