

## **NOMINATION AND REMUNERATION POLICY**

### **Introduction**

This Nomination and remuneration policy ("Policy") has been formulated by the Company's Nomination and Remuneration Committee ("NRC/Committee") and approved by the Board of Directors in term of the relevant provisions of the Companies Act, 2013 ("Act")

### **Applicability**

This Policy is applicable to:

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

### **Definitions:**

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

**"Company"** means Assets Care & Reconstruction Enterprise Ltd.

**"CSOP"** means employee stock options granted under Cash Settled Option Plan 2019 to those employees under contractual employment with the Company.

**"ESOP"** means employee stock options granted under various ESOP Schemes of the Company.

**"Independent Director"** means a director who has been appointed as such and who satisfies the criteria and conditions laid down in the Act.

**"Key Managerial Personnel"** means Key Managerial Personnel as defined under the Act and the rules made thereunder

**"Managing Director/ Whole Time Director"** means person appointed under Section 196, 203 of the Companies Act, 2013.

**"Nomination and Remuneration Committee"** means Committee of Board of Directors of the Company, constituted in accordance with the provisions of section 178 of Companies Act, 2013.

**"Policy"** means a "Nomination and Remuneration Policy"

**"Senior Management"** means employee(s) with designation of President and above.

## **Nomination and Remuneration Committee**

The constitution of Nomination and Remuneration Committee shall be in accordance with the Companies Act, 2013

## **Policy on appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management**

### **i) Appointment criteria and qualifications:**

#### **a. Director (Independent, Executive and Non-Executive):**

- i)** The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as director, and recommend to the Board his / her appointment. The person shall not be disqualified to act as Director under Section 164 of the Companies Act, 2013.
- ii)** A person should 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.
- iii)** Appointment of independent directors is subject compliance of provisions of Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.
- iv)** The Company shall not appoint or continue the employment of any person as managing Director / Whole-time Director/ Executive 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.
- v)** The Board of Directors and Shareholders of the Company shall identify the Managing Director/Whole Time Director of the Company as and when required.

#### **b. Key Managerial Personnel**

The Managing Director/Whole Time Director shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as a KMP / Senior Management Personnel and recommend to NRC for his / her appointment and basis on which NRC will propose to Board for its appointment and remuneration.

The Remuneration of other employees shall be decided by the Managing Director/ Whole Time Director.

The appointment shall be in compliance with the applicable statutory provisions.

**ii. Term/Tenure:**

**a. Managing Director/Whole-Time Director:**

The company shall appoint or re-appoint any person as its Managing Director or Whole-time / 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

**b. Independent Director:**

Subject to the provisions of the Act / applicable rules, 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 reappointment 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.

**iii. Evaluation:**

The Committee shall carry out evaluation of performance of every Director at regular interval and provide necessary report to the Board for its further evaluation.

The performance evaluation of the independent directors shall be done by the Board of Directors, excluding the director being evaluated.

The independent directors of the company shall hold at least one separate meeting in a year inter alia to review the performance of non-independent directors and the board as a whole accordance with the provisions of the Act / applicable rules.

The CEO/Whole Time Director shall perform the performance evaluation of the KMP and Senior Management Personnel at regular interval (yearly).

**iv. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act / rules / relevant law, the Committee may recommend to the Board with reasons

recorded in writing, removal of a Director, KMP or senior management personnel subject to provisions and compliance of the said Act / rules / relevant law.

## **Remuneration Policy for Directors, Key Managerial Personnel and other employees**

### **A. INDEPENDENT DIRECTORS (ID)**

- a) ID shall be paid sitting fees as approved by the Board of Directors from time to time;
- b) ID shall be paid Commission within overall limits of 1% of the Net Profits computed under section 198 of the Companies Act 2013.

### **B. KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES**

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Remuneration to Managing Director/Whole Time Director/CEO shall take into account the Company's overall performance, Managing Director/Whole Time Director/CEO's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high-performance culture.

The Employees with designation of Senior Manager and above will be eligible for ESOPs/CSOP under ESOP/CSOP plans as approved by the nomination and Remuneration Committee/ Board of Directors and hence, such instrument(s) shall form part of their remuneration package.

The Remuneration to others may be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Remuneration to Key Managerial Personnel and Senior Management may involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

### **(III) Reimbursement of Daily Allowance to Directors and Employees of the Company during foreign visits for attending meetings of the Board of Directors/ Committee of Directors, Seminars, Trainings etc.**

In case any Directors or any employee of the Company visits outside India for attending any meetings of the Board of Directors/ Committee of Directors, Seminars,

Trainings etc, he/she shall be reimbursed following amount of Daily Allowance (DA) over and above the expenses related to boarding, lodging and conveyance to meet daily incidental expenses:

1. Directors: USD 200 per day
2. Employees: USD 150 per day

Further, in case the employees visit outside India for a training of more than 15 days than the reimbursement of daily incidental expenses should be USD 25 per day over and above the expenses related to boarding, lodging and conveyance.

The above criteria and policy are subject to review by the Nomination & Remuneration committee & the Board of Directors of the Company.

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