

NOMINATION AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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NOMINATION AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES OF THE GILADA FINANCE AND INVESTMENTS LIMITED (HEREINAFTER “THE POLICY”).

I. BACKGROUND

The Nomination and Remuneration Policy of Gilada Finance and Investments Limited (“GFIL”) is prepared as per the provisions of Section 178 of the Companies Act, 2013 (the Act) as amended from time to time, require the Nomination and Remuneration Committee to formulate a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees of the Company and recommend the same for approval of the Board.

Further, Section 134 of the Act stipulates that the Board Report is required to include the company’s policy on directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and remuneration for KMP and other employees.

In compliance of the above requirements, GFIL has constituted a Nomination and Remuneration Committee and the Committee has formulated a Nomination, Remuneration and Evaluation Policy to provide a framework and set standards for the nomination and remuneration of the Directors, Key Managerial Personnel and Other employees and evaluation of the Directors. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

II. 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) **Director** means a director appointed to the Board of the Company and includes Whole time Directors, Non-Executive Directors(s) and Independent Directors.
- d) **Key Managerial Personnel (KMP)** means
 - (i) Managing Director
 - (ii) Whole-time Directors
 - (iii) Chief Financial Officer
 - (iv) Company Secretary and
 - (v) Such other officer as may be prescribed

e) **Nomination & Remuneration Committee** of the Company means a sub-committee of the Board constituted in accordance with the provisions of Section 178(1) of the Act and consists of three Independent Directors and one Executive Director as members.

f) **Senior Management** means to include all members other than the Directors and KMPs of the Company who are the members of its core management team excluding the Board of Directors including Functional Heads.

III. OBJECTIVES OF NOMINATION & REMUNERATION POLICY

The Key Objectives of the Policy shall be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel/Senior Management Personnel.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c. To formulate the criteria for determining qualifications, competencies, positive attributes, and independence for appointment of a Director, Key Managerial Personnel/Senior Management Personnel. (Annexure A)
- d. To provide to Key Managerial Personnel/Senior Management Personnel reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- f. To provide just and adequate compensation to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- g. To ensure that all the statutory mandates issued under applicable law and the rules and directions issued by various regulators including the RBI are complied with.
- h. To develop a succession plan for the Board and for the Senior Management and to regularly review the plan.

IV. OBJECTIVES OF NOMINATION & REMUNERATION 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 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 Directors, KMPs and Senior Management Personnel of the Company.
- c) Recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- d) Recommending to the Board to provide any kind of reward to KMPs and Senior Management Personnel linked to their performance and achievement relating to the Company's operations.
- e) Ensuring that level and composition of remuneration is reasonable and sufficient and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- f) Assessing the independence of independent directors.
- g) Evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board members.
- h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, subject to the provisions of law and their service contracts. Further, the extension or continuation of the term of appointment of the independent director shall also be on the basis of the report of performance evaluation of independent directors.
- i) Devising a policy on Board diversity.
- j) Developing a succession plan for the Board, KMPs and Senior Management and to regularly review the plan.
- k) To recommend to the board, all remuneration, in whatever form, payable to senior management.
- l) Such other key issues or matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provisions of the Act and Rules made thereunder.

V. APPOINTMENT, REMOVAL AND RETIREMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

I. Appointment criteria and qualifications:

- i. To identify persons who are qualified to become directors and who may be appointed as KMP or SMP, who possesses integrity, independence, adequate knowledge, skill, qualification, experience in the field of his/her specialization commensurate with the proposed role and responsibility as Director, Key Managerial Personnel and Senior Management Personnel and shall have the ability to manage the responsibility assigned to him/her.

ii. The Company should ensure that it appoints or continues the employment of any person as Managing Director / Whole-time Director, if any, subject to the conditions laid down under Part I of Schedule V of the Companies Act, 2013.

iii. To ensure that the Company shall appoint or continue the service of any person as Independent Director subject to the provisions of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013.

II. Tenure of appointment:

A. Executive Directors:

a. The Company shall appoint or re-appoint any person as its Managing Director / Whole-time Director by whatever name called, for a term not exceeding five years at a time, subject to the right of the GFIL to appoint the Managing Director / Whole-time Director as contained in the Articles of Association of the Company.

b. Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

B. Independent Director:

a. To ensure that an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

b. To ensure that no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not be appointed in or be associated with the Company in any other capacity, either directly or indirectly. In this connection, the provisions of section 149 (6) to (13) of the Companies Act 2013 relevant therein shall prevail. The committee shall carry out evaluation of performance of every Director on yearly basis on certain pre-determined parameters.

C. Removal:

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 Personnel, subject to the provisions and compliance of the said Act, rules and regulations.

D. Retirement:

- i. The Director shall retire as per the applicable provisions of the Companies Act, 2013, and Key Managerial Personnel and Senior Management Personnel shall retire as per the prevailing Policy of the Company in this regard.
- ii. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

VI. COMPENSATION STRUCTURE

1. Non-Executive Directors

- Subject to approval of the Board of Directors, the Non-executive Directors of the Company may be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The fees paid to the Non-Executive Directors for attending meetings of Board of Directors shall be such as may be determined by the Board within the limit prescribed under the Companies Act, 2013. The Non-executive Directors will also be entitled to reimbursement of expenses for attending the meeting for commuting to the venue of the meeting.
- The fees of the Non-Executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board or any officer(s) authorized by the Board, in due compliance of the provisions of Companies Act, 2013 and as amended from time to time.
- An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of sitting fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof.
- If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company by such Director and until such sum is refunded, hold it in trust for the Company.

2. Executive Directors and Key Managerial Personnel (KMPs)

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards. The remuneration determined for MD/WTDs/Manager shall be approved by the Board of Directors at a meeting

which shall be subject to the approval of members at the next general meeting of the Company as per the provisions of the Companies Act, 2013.

- If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.
- Subject to the provisions of the articles of association of the Company, the remuneration (including revision) of KMPs (excluding Executive Directors) and SMPs, shall be determined by the MD/WTD/Manager and Head of Human Resource (HR) Department after taking into consideration the academic, professional qualifications, work experience, skill, other capabilities and industry standards.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its Managing Director / Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

VII. EVALUATION PROCESS

The evaluation of Directors, committees of the Board and the Board shall be conducted yearly or at such intervals as may be considered necessary on the basis of the criteria and manner for effective evaluation of performance as defined by the Nomination and Remuneration Committee.

ANNEXURE A

CRITERIA FOR DETERMINING QUALIFICATIONS AND POSITIVE ATTRIBUTES OF A DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL.

1. Directors

- The Director shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, or such other areas related to the Company's business as determined by Nomination and Remuneration Committee.
- The Director shall also possess core skills/expertise/competencies as identified by the Board of Directors.
- The person to be appointed as a Director on the Board of the Company shall comply with the requirements of sub-section (4) of section 152 of the Act and shall not have been disqualified from appointment as provided in section 164 of the Act.
- A person to be appointed as an Independent Director shall be qualified as an 'Independent' in terms of Section 149(6) of the Companies Act and the rules made thereunder. Further, the Company will also evaluate that there is no conflict arising out of such person being an Independent Director on the Board of other NBFCs at the same time.
- The appointment of such person as an Independent Director on the Board of the Company shall be made in accordance with the conditions provided in the Applicable Law.
- The termination of services of a Director (either by removal/resignation) shall be given effect to in accordance with the provisions of the Companies Act, 2013, the constitutional documents (Memorandum and Articles of association) of the Company, Appointment Letter (if any) executed between the Company and Director.

2. Key Managerial Personnel (KMP)

- The appointee shall have appropriate skills, experience and knowledge as required for the concerned job position;
- The appointee shall possess attributes such as integrity, leadership qualities, decision making ability and effective communication skills.
- The appointee shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.
- Termination of KMP (either by removal/resignation) shall be given effect to in accordance with the provisions of the Companies Act, 2013, Employee's terms of employment with the Company.

3. Senior Management

- The appointee shall have appropriate skills, experience and knowledge as required for the concerned job position.
- The appointee shall possess attributes such as integrity, leadership qualities, decisionmaking ability, effective communication skills and such other attributes which in the opinion of the Committee are necessary in the interest of the Company.
- The appointee shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.
- The appointment, termination and remuneration including revision(s) in the terms of employment of Senior Management Personnel shall be governed in accordance with the Employee's terms of employment with the Company.