

## **SURAKSHA ASSET RECONSTRUCTION LIMITED**

### **NOMINATION AND REMUNERATION POLICY<sup>1</sup>**

#### **1. Background:**

In term of the provisions of Section 178 of the Companies Act, 2013 (the “Act”) read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, Suraksha Asset Reconstruction Limited (“Suraksha ARC”) is required to constitute a Nomination & Remuneration Committee.

The Board of Directors of Suraksha ARC has constituted the NRC as a good corporate governance practice, in implementation of the RBI’s recommendation. This Nomination & Remuneration Policy (the “NR Policy”) is being framed by Suraksha ARC as an extension to the formation of the Nomination & Remuneration Committee.

The various terms referred to in the NR Policy shall have the same meaning as assigned to them under the Act and / or the Rules made thereunder, as amended from time to time.

#### **2. Objectives:**

The main objectives of this NR Policy are:-

- i. To lay down criteria for determining qualifications, positive attributes and independence of a director;
- ii. To assess the composition of the Board of Directors from time to time and identify persons who are qualified to be appointed as directors or Key Managerial Personnel (“KMPs”) and recommend their appointment to the Board; and
- iii. To ensure that remuneration paid to all Directors, KMPs and senior employees is equitable and comparable with those prevalent with peer organisations of same or similar profile;
- iv. To determine and recommend to the Board from time to time the amount of sitting fees or commission payable to the non-executive directors in terms of the Companies Act, 2013 and rules made thereunder.
- v. To formulate criteria to evaluate the performance of non-executive Directors on a periodic basis.

#### **3. Appointment of Director and KMP:**

In addition to the eligibility criteria prescribed under the Act, the Nomination and Remuneration Committee shall consider the following criteria while recommending the appointment of Directors and KMPs to the Board for approval.

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<sup>1</sup> Adopted at the BM held on 15.5.2019

- i. Appointments to be based on merit, having regard to the educational qualifications, requisite expertise, experience and independence of the candidate, to be able to contribute to the effectiveness of the Board of Directors, as a collective body.
- ii. The candidate should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Nomination and Remuneration Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. Willingness of the candidate to devote sufficient time and attention to his professional obligations as a Director for informed decision making, and thereby do justice to the appointment.
- iv. Adherence to the Code of Conduct and to the highest level of Corporate Governance in letter and in spirit.

**4. Remuneration of Managing Director / Whole time Directors / KMPs:**

- i. The appointment and remuneration of the Managing Director / Whole time Director shall be approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee and shall be subject to approvals, if and to the extent applicable.
- ii. The remuneration structure may include fixed salary, perquisites / benefits, allowances, contribution to retiral funds, and performance linked pay.
- iii. If, in any financial year, the Company has no profits or its profits are inadequate, Suraksha ARC may pay to its Managing Directors / Whole-time Director minimum remuneration in accordance with the provisions of Schedule V to the Act. If in such financial year, Suraksha ARC is not able to comply with such provisions, it shall obtain prior approval of the Central Government for payment of such minimum remuneration.
- iv. The Nomination and Remuneration Committee shall ensure that:-
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and KMPs of quality standards requisite for successful running of Suraksha ARC;
  - b. the remuneration is clearly and objectively linked to performance and meets the appropriate and accepted performance benchmarks; and
  - c. remuneration to directors, KMPs and senior employees in a balanced mix of between fixed and performance-linked pay.

**5. Remuneration of non-executive Directors:**

- i. The non-executive directors may be paid sitting fees for attending meetings of Board of Directors or Committees thereof. The amount of sitting fees shall be approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee and shall not exceed the maximum permitted under the Act.
- ii. The non-executive directors may also be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other, within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Companies Act, 2013.

**6. Removal:** The Nomination and Remuneration Committee may recommend to the Board with reasons to be recorded in writing, removal of a Director or KMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

**7. Reporting and Dissemination:** The NR Policy shall be displayed on Suraksha ARC's the website and changes therein, if any, along with the URL of the NR policy, if any, shall be disclosed in the Board's report.

**8. Periodical review:** The Nomination and Remuneration Committee shall review the NR Policy from time to time keeping in view the developments in the legal and regulatory environment and experience gained by Suraksha ARC.

The Nomination and Remuneration Committee shall submit a proposal to the Board along with proposed amendments, if any, based on such review.