

ABHINAV LEASING AND FINANCE LIMITED

NOMINATION AND REMUNERATION POLICY

I. BACKGROUND

Pursuant to Section 178 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of every Listed Company shall constitute the **Nomination and Remuneration Committee**. The Company already had constituted Remuneration Committee comprising of minimum three non-executive directors as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors and it is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

II. OBJECTIVE OF THE POLICY

The objective of the policy is to ensure that

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) 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.

III. DEFINITIONS

- a) **“Board”** means Board of Directors of the Company.

- b) **“Company”** means “ABHINAV LEASING AND FINANCE LIMITED.”
- c) **“Committee”** means Nomination and Remuneration Committee, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d) **“Executive Director/ Whole-time Director”** means a director in the whole time employment of the Company.
- e) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f) **“Key Managerial Personnel” (KMP)** means
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary; and
 - iv. Such other officer as may be prescribed.
- g) **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- h) **“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;
- i) **“Senior Management”** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Regulations and/or any other SEBI Regulation(s) as amended from time to time.

V. COMPOSITION OF COMMITTEE

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable

statutory requirement.

- c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d) Chairperson of the Committee shall be an Independent Director.
- e) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.

VI. ROLE OF THE COMMITTEE

The role of the Committee, *inter alia*, will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

VII. MEETINGS OF COMMITTEE

The meetings of the Committee shall be held as and when required and as statutorily required under the provisions of Companies Act, 2013 and Rules made thereunder and as per the applicable law, if any, for the time being.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VIII. APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

The Composition and strength of the Board of Directors (“the Board”) of the Company is subject to the provisions of the Companies Act, 2013, Listing Regulations and Articles of the Association of the Company. The Nomination and Remuneration Committee is responsible for evaluating the qualifications of each candidate to be appointed as Director on the Board. In general, it is expected from a Director to possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company’s business or in the area of his expertise and to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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.

Criteria for Determining Qualifications, Positive Attributes & Independence Of Director:

A director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business or in the area of his expertise.

A director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

Directors should be free to present their view point independently, Company has also adopted to conduct the separate meeting of the independent Directors, which

will ensure that the independent directors of the Company can review the performance of the Board and Chairman. Moreover the Directors should meet the other requirements of the Companies Act, 2013 and Listing Regulations concerning independence of directors.

Term / Tenure:

a) Managing Director/Whole-time Director/Manager (Managerial Person)

The Company shall appoint or re-appoint any person as its Managerial Person 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

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.

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 as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

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.

c) Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

d) Removal

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

e) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. 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.

IX. REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT

1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole- time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and

Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- e) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

Remuneration and annual pay of Executive Directors and employees is determined keeping in view the industry benchmark and the relative performance of the Company.

X. AMENDMENTS TO THE POLICY

The Company's Board of Directors shall have power to amend the Policy at any point of time after taking recommendation of Nomination and Remuneration Committee, if required.