

OMKARA ASSETS RECONSTRUCTION PRIVATE LIMITED

NOMINATION & REMUNERATION POLICY

I. Preamble

The Notification issued by the Reserve Bank of India on 'Review of Regulatory Framework for Asset Reconstruction Companies (ARCs)' dated 11th October, 2022 stipulates that in order to strengthen the overview by the Board, all ARCs shall constitute a Nomination and Remuneration Committee in accordance with the provisions of the Companies Act, 2013 ('the Act') read with the Rules framed there under. The said Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013. In addition, the Committee shall ensure 'fit and proper' status of proposed/ existing directors and sponsors. Accordingly, the Company has framed a policy for laying down the criteria for appointment of Directors, Key Managerial Personnel and senior management as well determining the remuneration payable to them and other employees.

II. Definitions

The definitions of some of the key terms used in this Policy are as below:

- a. **"Company"** / **"OARPL"** means the Omkara Assets Reconstruction Private Limited.
- b. **"Committee(s)"** means Committees of the Board for the time being in force.
- c. **"Employee"** means employee of the Company whether employed in India or outside India including employees in the Senior Management of the Company.
- d. **"HR"** means the Human Resource department of the Company.
- e. **"KMPs"** refers to Key Managerial Personnel as defined under the Companies Act, 2013.
- f. **"NRC"** refers to the Nomination and Remuneration Committee of Board of Directors of the Company formed in line with the Companies Act, 2013.
- g. **"Senior Management"** / **"Senior Management Personnel"** includes the Chief Operating Officer, the Chief Risk Officer, the Compliance Officer, Head of the Departments.

III. Objective

As a measure of good corporate governance and in compliance with the RBI Circular dated 11.10.2022 read with provisions of Section 178 of Companies Act 2013, the following policy is formulated by the Company with the following objectives:

1. Formulation of policy on appointment and removal of Directors, KMPs and Senior Management.

2. Determining key areas to be considered like qualifications, positive attributes, independence, areas of expertise, number of Directorships in other companies and such other factors as it may deem fit while appointing Directors, KMP, senior management.
3. Providing a framework/Policy for the remuneration to the Independent Directors, Non-executive Directors, Managing Director/Executive Directors, KMPs, Senior Level Management, External Committee Members / Independent Advisory Committee Members and other employees of the Company.
4. Ensuring the 'fit and proper' status of proposed/ existing directors and sponsors of the Company.
5. Formulate the process for effective evaluation of performance of the Board of the Company, the Board committees, and individual directors.
6. To monitor and evaluate the achievement of the Board / committees/ individual directors' objectives.
7. To provide the Directors an opportunity to reflect on and assess their areas of strength and development.

The NRC shall also 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, KMPs 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.

IV. Appointment and Removal of Directors, KMPs and Senior Management Personnel

a. Appointment and Removal of Directors

- i. NRC shall determine the criteria for appointment to the Board of Directors and shall be vested with the authority to identify candidates for appointment as Directors. While evaluating the suitability of an individual Board member, NRC shall take into account multiple factors, including general understanding of the business, educational qualification, professional background, personal achievements, professional ethics and integrity of the proposed candidate. NRC shall also ensure that the proposed Director fulfils the fit and proper criteria laid down by the Reserve Bank of India.
- ii. Based on the recommendation of NRC, the Board shall evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the MD & CEO shall interact with the new member to obtain their consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the

Companies Act 2013 and Rules made there under.

- iii. If a Director is disqualified as per any provision mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

b. Appointment and Removal of KMP and Senior Management Personnel

- i. The authority to identify right candidates for the appointment of Chief Finance Officer (CFO) and Company Secretary (CS) shall be vested with the MD & CEO. HR shall facilitate MD & CEO towards identifying the candidates internally or externally. NRC shall consider the candidates proposed by the MD & CEO and recommend to the Board for its consideration and appointment in accordance with the applicable provisions of the Act and rules.
- ii. In case of MD & CEO's appointment, NRC shall initiate the process of identifying the new candidate, which can be an internal or external candidate, for the respective position. After identification and screening of the candidate, NRC shall propose the candidature to the Board for its consideration and for appointment subject to the approval of the Shareholders.
- iii. If a KMP is disqualified as per any provision mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board with reasons recorded in writing, removal of a KMP subject to the compliance of the applicable statutory provisions.
- iv. The removal of the KMP and other senior management personnel otherwise than in (iii) above shall be as per the Human Resource policy of the Company.

V. Performance Evaluation

OARPL shall follow an annual evaluation process for its KMPs and other eligible employees including the senior management team. Similarly, the Performance Evaluation for the Board as a whole, its committees, individual directors, the Chairman, MD & CEO, shall also be carried out on an annual basis.

The Performance Evaluation process involves the following steps:

- define criteria for evaluation of performance;
- formulate the process for performance evaluation for each level;
- design the annual performance evaluation questionnaire and implementation process;
- coordinate and collate the feedback received;
- analysis of the feedback received and preparation of summary thereof;
- share the evaluation summary with the Chairman of NRC;
- share the feedback with the Chairman of the Board.

- The evaluation of the employees shall be conducted by the MD& CEO and COO. The evaluation can be delegated by the MD & CEO to the head of the Departments.
- The evaluation of the Senior Management and KMPs shall be overseen by the MD & CEO.
- The evaluation of the Board, its Committees, the Independent Directors, the Chairman and the MD & CEO shall be carried out on the basis of feedback received from other Directors.

VI. Evaluation Mechanism

- A. Performance Evaluation of Board - The performance evaluation of the individual Directors, the Chairman of the Board, MD & CEO and the Board as a whole, shall be carried out on the basis of the feedback received from the Directors in the questionnaires circulated amongst them on an annual basis.
- B. Performance Evaluation of Independent Directors – The evaluation of the Independent Directors shall be done by the entire Board on the basis of their performance, fulfilment of the independent criteria and their independence from the management.
- C. Performance Evaluation of the Board Committees - The performance evaluation of the Board Committees shall be conducted on an annual basis. The separate set of questionnaires for each of the Committees, shall be sent to the directors for their feedback.

In the above evaluation, the directors who are subject to evaluation shall not participate. The feedback received shall be given to the Chairman of the NRC for discussion.

VII. Criteria for determination of remuneration

- i. The remuneration structure may include fixed salary, perquisites / benefits, allowances, contribution to retiral funds, and performance linked pay.
- ii. In addition to the sitting fees and commission, the Company may pay such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, induction, briefing meetings convened for the Company's cause and in the interest of business and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a Director.
- iii. If, in any financial year, the Company has no profits or its profits are inadequate, OARPL may pay to its MD & CEO / Whole-time Director minimum remuneration in accordance with the provisions of Schedule V to the Act.

iv. The NRC shall ensure that:-

- a. the level and composition of remuneration is fair, reasonable and sufficient to attract, retain and motivate quality standards requisite for successful running of OARPL;
- b. remuneration is a balance between fixed and performance-linked pay.

a. Remuneration of the Independent Directors & Non-executive Directors

- The Independent Directors are eligible for sitting fees for attending the meetings of the Board and the Committees thereof. They are also eligible for commission, subject to limits prescribed under the Act and the Rules framed there under. The Independent Directors are not eligible for stock options of the Company.
- The Non-Executive Directors are eligible for commission, subject to limits prescribed under the Act and the Rules framed there under. They are also eligible for stock options of the Company.

b. Remuneration of the MD & CEO / Executive Director

- The remuneration of the MD & CEO / Executive Director is recommended by the NRC to the Board. Based on the recommendations of the NRC, the Board determines and approves the remuneration of the MD & CEO / Executive Director, subject to necessary approvals, if any.
- The remuneration paid to the MD & CEO / Executive Director shall be within the limits prescribed under the Act and approved by the shareholders of the Company. The remuneration structure includes fixed salary, perquisites, bonus, other benefits and allowances and contribution to Funds, etc.
- The MD & CEO / Executive Director shall be eligible for stock options of the Company.

c. Remuneration of the KMP (other than Managing Director) and Senior Management employees

- The key components of remuneration package of the KMP (other than Managing Director) and Senior Management employees shall comprise of fixed salary, perquisites, annual bonus, other benefits and allowances and contribution to Funds, etc.
- The KMP (other than Managing Director) and Senior Management employees shall be eligible for stock options of the Company if so, considered by the Board to retain the requisite talent for the Company.

The Cost-to-Company (CTC) shall be reviewed once annually and the compensation strategy for positioning of individuals shall take into consideration the following elements:

- Performance
- Potential
- Criticality of role
- Responsibilities undertaken

Eligible employees shall be rewarded with an annual increment and variable bonus. This annual increment and variable bonus shall be based on the performance of the Company, the annual

performance appraisal of the employee during the financial year and general industry trends, etc.

VIII. Commission

The aggregate commission payable will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

IX. Disclosure

This Policy shall be placed on the website of the Company and the salient features thereof along with the web address shall be disclosed in the Directors' Report.

X. Policy Review

This Policy may be amended, modified or supplemented from time to time. Policy shall be reviewed by the NRC to ensure compliance with any changes in the provisions of the Act or as may be prescribed by the NRC/Board. Any changes or modification to the Policy as recommended by the Committee would be placed before the Board of Directors for their approval.

In case of any amendments in the provisions of the Act, which makes any of the provisions in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.
