



Nomination and Remuneration Policy

Policy for Selection and Appointment of Directors and members of Senior Management and determining Directors' Independence

1. Scope & Objective

- a) This Policy sets out the guiding principles for the Nomination and Remuneration Committee (N & R Committee) for identifying persons who are qualified to become Directors and who may be appointed in Senior Management of the IFFCO Kisan Finance Limited (the "Company" or "Kisan Finance").
- b) This policy aims to achieve an appropriate balance of skills, experience, knowledge and expertise amongst its Directors and members of Senior Management.
- c) This policy also aims to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.

2. Definitions :

In this Policy, the following terms shall have the following meanings:

- a) **"Director"** means a director appointed to the Board of a Company.
- b) **"Nomination and remuneration Committee" or N&R Committee** means the committee constituted by Company's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.
- c) **"Independent Director"** means a director referred to in sub-section (6) of section 149 of the Companies Act, 2013.
- d) **"Senior Management"** means personnel of the Company who are members of its core management team excluding members of the Board of Directors comprising all members of the Management one level below the Executive/Whole- time Directors including functional heads.

3. Qualifications and Criteria for Appointment of a Director

- a) Meeting the requirements of the Company and enhancing the competencies of the Board are the basis for the N&R Committee to shortlist and recommend a person for appointment as Director on the Board of the Company. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.
- b) When evaluating the suitability of individual and making a recommendation to the Board for appointment of such individual as

Director on the Board of the Company, the N&R Committee may take into account factors, such as:

- i. General understanding of the Company's business dynamics, Industrial and Social perspective;
- ii. Educational and professional background,
- iii. Standing in the profession;
- iv. Personal and professional ethics, integrity and values;
- v. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

c) The proposed appointee shall also fulfil the following requirements:

- i. shall possess a Director Identification Number (DIN);
- ii. shall not be disqualified under the Companies Act, 2013;
- iii. shall give his/ her written consent to act as a Director;
- iv. shall endeavour to attend all Board Meetings and wherever he/ she is appointed as a Committee Member, the Committee Meetings;
- v. shall abide by the Code of Conduct established by the company;
- vi. shall disclose his/ her concern or interest in any company or companies or bodies corporate, firms or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- vii. shall meet the fit and proper criteria as laid down by Corporate Governance Guidelines of RBI and provided with suitable declaration and undertakings to the Company in this regard
- viii. such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, RBI Guidelines and other relevant laws.

4. Criteria of Independence

- a) The N&R Committee shall assess the independence of Directors at the time of appointment/ re-appointment and the Board shall assess the same annually.
- b) The Independent Directors shall fulfil the criteria of independence and other requirements as laid down in Section 149(6) of the Companies Act, 2013 and shall submit the requisite declarations to this effect.

- c) The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Companies Act, 2013.

5. Board Diversity

All Board appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. Additionally, the Board may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing and business development, operations management etc. so as to bring diversified skill sets on board.

6. Disqualifications and Directorships in other companies:

- a) No person shall be considered for appointment as a Director of the Company, if he/ she is disqualified to be appointed as such in terms of Section 164 of the Companies Act, 2013.
- b) No person shall be considered for appointment as Director of the Company if he is already a Director in twenty companies and/or holds the directorship in ten or more public companies or private companies that is either a holding or subsidiary of a public company.

7. Criteria for selection & Appointment of Members of Senior Management

The criteria to be considered when assessing the prospective candidate for appointment as member of Senior Management shall include the following:

- a) Highest level of personal and professional ethics and integrity
- b) High quality attributes such as discipline, objectiveness, sensitivity and creativity
- c) Experience and expertise in the relevant discipline for which the appointment is being considered
- d) Excellent interpersonal communicational and representational skills
- e) Strong influencing and negotiation skills
- f) Inclination for continuous professional development to refresh knowledge and skills

Remuneration Policy for Directors, Key Managerial Personnel and other Employees

1. Scope and Objectives:

This Remuneration Policy of the Company provides a framework and sets out the guiding principles for the Nomination and Remuneration Committee (the “N&R Committee”) for recommending to the Board the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the IFFCO Kisan Finance Limited (the “Company”).

The primary objectives of this Policy are as under:

- a) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, at all levels, the quality talent required to run the company successfully.
- a) To ensure that relationship of remuneration to performance is clear and meets the performance benchmarks.
- b) To ensure that remuneration 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.

2. Definitions:

In this Policy, the following terms shall have the following meanings:

- a. **“Director”** Means a director appointed to the Board of the Company.
- b. **“Key Management Persons” or “KMP(s)”** shall mean Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), National Sales Head, National Credit Manager, National Operations Head, National Collections Head, Head – IT, Head – HR and two (2) nominees of NH Capital to be designated in consultation with the Managing Director of the Company by whatever name called and shall include persons discharging similar functions and such other persons as may fall within the definition of ‘key managerial personnel’ defined under the Companies Act, 2013 and the rules made thereunder.
- c. **“Senior Management”** means personnel of the Company who are members of its core management team excluding members of the Board of Directors comprising all members of the Management one level below the Executive/Whole- time Directors including functional heads.

- d. **“Nomination and Remuneration Committee” or “N&R Committee”** means the committee constituted by Company’s Board in accordance with the provisions of Section 178 of the Companies Act, 2013.

3. a) Remuneration to Non-Executive/ Independent Directors:

- i. Subject to the overall limit as prescribed in the Companies Act, 2013 and rules made thereunder, as amended from time to time, the Board, on the recommendations of the N & R Committee shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the Shareholders.
- ii. Non-Executive/ Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof, subject to the approval by the Board of Directors.
- iii. The Independent Directors shall not be eligible for the Stock Options, if any.
- iv. All the Non-Executive/ Independent Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

b) Remuneration to Executive/ Whole-time Director

- i. The Remuneration payable to Executive/ Whole-time Directors shall be approved and recommended by the N&R Committee, subject to the approval of the Shareholders of the Company under the provision of the Companies Act, 2013.
- ii. The Remuneration payable to Executive/ Whole-time Directors may include Basic Pay, House Rent Allowance, Perquisites, Variable Pay (Performance Based Incentives), and other Allowances/ elements/ benefits as may be approved by the N&R Committee from time to time. They may also be eligible for the Stock Options as per the Scheme framed by the Company from time to time.
- iii. Executive/ Whole-time Directors including shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.
- iv. In case when the Managing Director is nominated by the Promoters of the Company and he is not drawing any remuneration from the Company, in

that circumstances, he shall be eligible for Performance Incentive as per the policy of the Company as may be applicable from time to time based on assessment of his performance during the year.

c) Remuneration to Key Managerial Personnel (other than Managing Director and Whole time Directors) and Senior Management

- i. The Key Components of Remuneration Package of KMPs and Senior Management shall comprise of Basic Pay, House Rent Allowance, Leave Travel Allowances and other allowances, Perquisites, Variable Performance Incentive, contribution to Provident Fund, Gratuity and other Benefits.
- ii. The Board, on the recommendation of the N&R Committee, shall review and approve the Remuneration Package for the KMPs and Senior Management of the Company.
- iii. KMPs shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

d) Remuneration to Other Employees:

- i. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.
- ii. Remuneration Package for Employees of the Company shall be determined as per the HR Policy of the Company with the approval of Board of Directors.

e) Disclosure in the Board's Report:

As required under the relevant provisions of the Companies Act, 2013, and the rules made there under and the requirements of RBI's Guidelines on Corporate Governance, appropriate disclosures shall be made in the Board's Report of the Company.

f) Policy Review:

- i. This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under and the RBI Regulations and Guidelines or as may be otherwise prescribed by the Board from time to time.
- ii. The N&R Committee may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

Policy for the evaluation of Performance of the Board, its Committees and Directors

1. Scope & Objectives:

One of the most important functions of the Board of Directors is to oversee the functioning of company's top management. This policy aims at establishing a procedure for conducting periodical evaluation of Board's own performance. This policy further aims at ensuring that the committees to which the Board of Directors has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every Director in accordance with the criteria laid down. Independent Directors are also required to evaluate the performance of Non Independent Directors under Schedule IV to the Companies Act, 2013.

The object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board, its Committees and Directors of the Company so as to ensure compliance with the applicable provisions of the Act in this regard.

2. Definitions:

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

- a) "Act" means the Companies Act, 2013;
- b) "Board" means the collective body of the Board of Directors of the Company.
- c) "Committee(s)" means Committee of Directors constituted by the Board from time to time under the provisions of the Companies Act, 2013 and Rules made thereunder and at present includes the Audit Committee, Nomination & Remuneration (N&R) Committee, and Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company.
- d) "Company" means IFFCO Kisan Finance Limited.
- e) "Director" means a director appointed to the Board of a Company.
- d) "Independent Director" or "ID" means a director referred to in sub-section (6) of section 149 of the Act.

- e) "The Policy" or "This Policy" means the policy for evaluation of performance of the Board as a whole, its Committees, Non-Independent Directors and Independent Directors.

3. Process and Procedure for Evaluation of Performance

a) Evaluation by Independent Directors:

- Independent Directors are duty bound to evaluate the performance of non-independent directors and Board as a whole. The independent directors of the Company shall hold at least one meeting in a year without the attendance of non-independent directors and members of management.
- The independent directors at their separate meetings shall annually:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

b) Evaluation by Nomination & Remuneration (N&R) Committee:

- N&R Committee shall evaluate the performance of each individual Directors of the Company as per its terms of Reference and the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013.
- Evaluation of performance of each Director shall be carried out by N&R Committee under the provisions of Companies Act, 2013.

c) Evaluation by the Board:

- It shall be the duty of the Chairperson of the board, who shall be supported by the Company Secretary to organise the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the effectiveness of Board and its Committees, to maximise their strength and to tackle their shortcomings.
- The Board of Directors can undertake the following activities on an annual basis

- a) The board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- b) Review the performance of various committees and give suggestions on improving the effectiveness of the committee.
- c) Evaluation of Independent Director shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.

4. Criteria for evaluation of Performance of Board, its Committees and Directors

- Evaluation/ Feedback forms containing evaluation criteria and guidelines will be designed for each category of Directors, Board and its Committees.
- Performance of Directors including Chairman shall be assessed quantitatively (and qualitatively, as appropriate) against criteria contained in the Evaluation/ Feedback Forms designed for this purpose.
- The Chairman of the meeting, wherein the evaluation exercise would be carried out, with the help of Company Secretary will collate the input and prepare an overview report for discussion by the Independent Directors, N&R Committee or the Board, as the case may be.

5. Evaluation Rating

The evaluation of performance of the Board, its Committees and directors individually shall be carried out on the basis of Evaluation/feedback forms. The said forms will contain certain suggested parameters which may be considered while rating the performance of the Board, its Committees and concerned director. The rating may be assigned as "Average/Satisfactory (Rating Scale 1)", "Good (Rating Scale 2 to 3)", "Very Good (Rating Scale 4 to 5)" for each criteria and overall evaluation rating be given depending upon the rating given for each criteria.

6. Reporting & Confidentiality

- Evaluation Report prepared by Independent Directors shall be submitted to the N&R Committee.
- Evaluation Report prepared by the Board shall be submitted to the N&R Committee.

- Evaluation Report prepared by N&R Committee shall be submitted to the Chairman of the Board who may on his own discretion share the same with the concerned Director, Committee or Board as a whole.
- Evaluation Report and Ratings may be used by the N&R Committee/ Board as a criterion for recommending the appointment/ reappointment of any Director to the Board / Shareholders.
- The results of performance evaluation shall be kept strictly confidential until and unless any regulatory authority directs for disclosure of the same. The minutes of the meetings and the documents with respect to performance evaluation shall be kept with the Company Secretary.

7. Amendment

Subject to the approval of Board of Directors, the “Nomination and Remuneration Committee” reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the company.