

HARYANA CAPFIN LIMITED

NOMINATION AND REMUNERATION POLICY

Role of Committee

- To formulate the criteria for determining qualification, positive attributes and independence of a Director
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior management positions in accordance with criteria laid down in the Policy
- Recommend to the Board, appointment and removal of Director, KMP and Senior management personnel.

Objective

The Nomination and Remuneration Policy of Haryana Capfin Ltd. (the "Company") is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long- term value creation for shareholders.

This Nomination and Remuneration Policy applies to Directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company.

Policy for appointment and removal of Director, KMPs and Senior Management:-

Appointment criteria and qualifications

- i) The Committee shall identify and ascertain the integrity, qualification, experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- ii) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.
- iii) The person shall be considered for appointment as Independent Director on the Board of the Company only if he/she discloses in writing his/her independence in terms of Section 149 of the Companies Act, 2013.

Evaluation

The Committee shall advise the process to carry out evaluation of performance of every Director, KMP and Senior Management Personnel and other employees at regular interval (yearly)

Performance evaluation of KMPs, Senior Management Personnel and other employees shall be carried out by their respective reporting Executives and Functional Heads based on the Key Results Area (KRA) set at the beginning of the financial year and reviewed at least once during the year to modify such KRAs, if required.

Performance evaluation of the Independent Directors shall be carried out by the entire Board, except the Independent Directors being evaluated.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, rules and regulations there under 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.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per 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, subject to compliance of all applicable legislations.

Guiding principle

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel.

While designing remuneration packages, industry practices and cost of living are also taken into consideration.

Directors

As per the Policy followed by the Company, the Non-Executive Directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions. Presently sitting fee is Rs. 7,500 per Board meeting and Rs. 2,500 per Audit Committee meeting.

Remuneration of Whole Time Directors including Managing Director should reflect the overall remuneration philosophy and guiding principles of the Company. When considering the appointment and remuneration of Whole Time Directors, due consideration be given to pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The NRC while designing the remuneration package should consider the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

The NRC while considering a remuneration package must ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The NRC considers that a successful Remuneration Policy must ensure that some part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.

Reward principles and objectives

The Company's Remuneration Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

Reward policies

Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The Whole Time Directors' remuneration comprises of salary and perquisites apart from retirement benefits like P.F., Gratuity, etc as per Rules of the Company.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Whole Time Directors are entitled to customary non-monetary benefits such as company's car, furnished accommodation, health care benefits, leave travel, communication facilities, etc. Their terms of appointment provide for severance payments as per the Companies Act.

Key Managerial Personnel and Senior Management

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other senior management personnel is decided by the Managing Director (MD), broadly based on the Remuneration Policy. Total remuneration comprises of:

1. **A fixed Base Salary** - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. **Perquisites** – in the form of house rent allowance/ accommodation, furnishing allowance, reimbursement of medical expenses, conveyance, telephone, leave travel etc.
3. **Retirement Benefits** - contribution to PF, gratuity, etc as per Company Rules.
4. **Motivation /Reward** - A performance appraisal is carried out annually and promotions/ increments/ rewards are decided by MD based on the appraisal.
5. **Severance Payments** - in accordance with terms of employment, and applicable statutory requirements, if any.

Other Employees

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel as in the case of those in the management cadre.

Disclosure of Information

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

Application of the Remuneration Policy

This Remuneration Policy shall continue to guide all future employment of Directors, Company's Senior Management including Key Managerial Personnel and other employees.

Any departure from the policy can be undertaken only with the approval of the Board of Directors.

Review and Amendments

This Policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy subject to (i) amendments to the Companies Act, 2013 and (ii) further guidelines and enactments by the SEBI, including Listing Regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.
