



Nomination And Remuneration Policy

Namdev Finvest Private Limited

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INDIA

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1. Introduction

Namdev Finvest Private Limited (NFPL) is a Non-Banking Financial Company having valid Certificate of Registration with Reserve Bank of India vide registration No. B-10.00260 on 20th August 1997 under current RBI classification as NBFC – Non-Deposit taking Asset Finance Company.

It is focused on offering finance to MSME, Two-wheelers, Solar panel loan, Electric Vehicle (EV) loan, EV charging station loan and all kind of light commercial vehicles segment.

2. Regulatory Requirement

In accordance with the provisions of the Companies Act, 2013 (“Act”) and master directions/guidelines/circulars/ notifications issued by Reserve Bank of India, as amended from time to time (“RBI Guidelines”) (hereinafter referred to as “Applicable Law”), wherever applicable, it is mandatory to lay down a framework in relation to remuneration of Directors, Key Managerial Personnel (KMP) and senior management/officer personnel (SMP).

3. About The Policy

The Nomination and Remuneration Policy (“Policy”) of the Company is formulated in compliance with Applicable Law. This Policy is intended to set out criteria to pay equitable remuneration to the Directors, KMPs, SMPs and to determine qualifications, positive attributes and independence of a director and to harmonise the aspirations of human resources with the goals of the Company. This policy shall act as guidelines on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management/officer.

4. Objective

This objective of the Policy is to ensure: -

1. Identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed as KMP, SMP in accordance with the criteria laid down, and recommend to the Board for their appointment and removal;
2. Identifying the criteria for determining qualifications, positive attribute and independence of a director;
3. remuneration of Directors, KMPs and SMPs and to ensure that a reasonable balance is maintained in terms of composition of remuneration of them (fixed and variable component).
4. Specifying the manner for effective evaluation of performance of the Board, Directors, KMPs, SMPs and persons in senior management position to be carried out either by the Board, by the Committee;
5. Assessing the independence of independent Directors



1. The Policy further ensures that:

- 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.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- 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.

5. Definitions

1. **'Board'** means Board of Directors of the Company.
2. **'Directors'** means directors of the Company.
3. **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the provisions of Applicable Law.
4. **'Independent Director'** means a Director referred to in Section 149(6) of Act and rules made there under and applicable regulations/provisions of SEBI LODR and RBI guidelines.
5. **'Key Managerial Personnel (KMP)'** shall mean the officers of the Company as defined in Section 2(51) of the Act: -
 - the Chief Executive Officer (CEO) or the Managing Director or the Manager;
 - the Company Secretary;
 - the Whole Time Director;
 - the Chief Financial Officer (CFO); and
 - such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
6. **'Senior Management/Officer personnel or SMP'** means personnel of the Company who are members of its core management team excluding Board of Directors, comprising one level below the executive directors including functional heads, who are directly reporting to the KMPs (excluding Company Secretary) of the Company.
7. **Share-linked instruments** means Employee Stock Option;
Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act, SEBI LODR and RBI Guidelines, as may be amended from time to time, shall have the meaning respectively assigned to them therein.
8. **"Clawback"** means a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances



9. “Malus” shall mean an arrangement permits the NBFC to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.

The words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 or rules made thereunder or the Reserve Bank of India Act, 1934 or the Circulars, Directions, guidelines issued by RBI thereunder shall have the same meanings respectively assigned to them in those acts, rules, regulations, directions or guidelines

6. Constitution of The Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee (NRC) is in compliance with the provisions of the Applicable Law. The Board has the power to constitute/reconstitute the Committee from time to time in order to make it consistent with Applicable Law. Further details of the members of the Committee shall be disclosed in the Board’s Report.

7. Role of the Committee

The role of the Nomination and Remuneration Committee shall be as follows: -

- i. Identify persons who are qualified to become directors and key managerial person in accordance with the criteria laid down by the Board;
- ii. recommend to the Board their appointment and removal;
- iii. evaluate the balance of skills, knowledge and experience on the Board for every appointment of an independent director and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.
- iv. shall specify the manner/criteria for effective evaluation of performance of Board, its committees, individual directors and KMPs to be carried out either by the Board or by the Nomination and Remuneration Committee;
- v. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vi. frame, review and recommend to the Board a compensation policy relating to the remuneration of the directors, KMPs and SMPs;



- vii. Coordinate with Risk Management Committee for effective alignment between compensation and risks;
- viii. The Compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP);
- ix. devising a policy on diversity of board of directors;
- x. ensure that there is no conflict of interest in appointment of directors on Board of the Company and KMPs;
- xi. Retain, motivate and promote talent and to ensure long term sustainability of talented Directors, KMPs, SMPs.
- xii. 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.

8. Meeting of The Committee

The meeting of the Committee shall be held at regular intervals as deemed fit and appropriate. The Company Secretary of the Company shall act as the Secretary of the Committee. The Chairman of the Committee or in his/her absence any other member of the Committee authorized by him/her on his/her behalf shall attend general meetings of the Company.

A member of the Committee is not entitled to participate in the discussions when his/her remuneration is discussed at a meeting or when his/her performance is being evaluated or any other matter in which his/her interest is involved directly/indirectly and the Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee. Minutes of Committee meetings shall be recorded and signed by the Chairperson of the meeting and circulated/ tabled at the subsequent Board and Committee meeting.

9. Appointment

- The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Woman Director.
- The Committee shall identify the person for appointment as Director (both executive & non-executive director), KMP and recommend to the Board his / her appointment. While identification/evaluating a person for appointment / re-appointment, the Committee shall consider various factors including individual's integrity, expertise, experience, competency, skills, abilities (viz. leadership, ability to exercise sound judgement), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field.



- The Committee shall ascertain the Fit and Proper criteria of Directors at the time of their appointment and on continuing basis in the manner prescribed in Annexure 1 hereto.
- The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- The appointment of SMPs shall be decided by the relevant KMP, who is direct reporting authority of such Senior Management/Officer personnel.

10. Remuneration To Executive Directors/KMPS/SMPS

- The remuneration / compensation / commission (if any) etc. to Executive Directors and KMPs will be determined by the Nomination & Remuneration Committee and recommended to the Board and/or Shareholders for their approval, subject to and within the maximum limits as prescribed in the Applicable law and in accordance with the compensation policy, which may also include balance of fixed and variable pay components as prescribed in the Compensation Policy.
- Further, the remuneration / compensation / commission (if any) etc. for SMPs, at the time of their appointment, shall be decided by the relevant KMP who is direct reporting authority of such SMPs, in accordance with the compensation policy, which may also include balance of fixed and variable pay components as prescribed in the Compensation Policy.

Further, the Compensation Committee shall do the performance evaluation and revision in remuneration of SMPs on annual basis or at the time of salary appraisal, if any, considering the provisions of the Compensation Policy of the Company and clauses of the Articles of Association of the Company.

- Furthermore, where any insurance is taken by the Company on behalf of its Managing Director, Whole- Time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

11. Remuneration To Non-Executive & Independent Directors

- The Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board / Committee / general meetings thereof in accordance with the provisions of the Applicable Law, as may be amended from the time being in force.
- The expenses for attending the Board / Committee / general meetings including travelling, boarding, and lodging expenses, shall be reimbursed by the Company.



- The Committee may recommend the payment of remuneration/profit related commission or such other variable pay based on their level of responsibility and performance and in accordance with the statutory provisions of the Applicable Law, as may be amended from the time being in force.
- Non-executive Directors (excluding Independent Directors) shall be eligible to get stock option of the Company and also shall be eligible to participate in any share based payment schemes of the Company.
- 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, and following conditions shall be 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.

12. Term / Tenure

The term / tenure of the Directors shall be governed as per provisions of the applicable laws, as amended from time to time and as follows: -

- **Managing Director / Whole-time Director / Manager (Managerial Person): -**

The Company shall appoint or re-appoint any person as its Managerial Person for a term up to five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- **Independent Director: -**

An Independent Director may 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, however, 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.

13. Performance Evaluation

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors of the Company with the aim to improve the effectiveness and efficiency of the Board and Committees.

The Board of Directors shall carry out the performance evaluation of every individual director except the director being evaluated, along with its various Board Committees and Board as whole. Further, performance evaluation shall be carried out at least once in a year in accordance with the manner prescribed in Annexure 2 hereto.



The performance evaluation of KMPs (excluding executive directors) shall be performed by Nomination & Remuneration Committee and of SMPs by the Compensation Committee of the Company, on annual basis or at the time of salary appraisals.

14. Policy on Diversity Of The Board

- The Company acknowledges the importance of diversity at the Board. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with skills and experience can play in contributing to diversity of perspective at the Board. Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account;
- The Committee shall review and evaluate Board composition to ensure that the Board have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, national origin or ancestry, marital status, age, or any other personal or physical attribute as a Board member; and
- To ensure Board diversity at broad level, the Company shall provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

15. Removal / Retirement

Owing to reasons for any disqualification mentioned in the applicable law, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director and KMP subject to the provisions and compliance of the Applicable Law.

The Director and KMP shall retire as per the provisions of the applicable law and in accordance with the Human Resource policy of the Company. The Board will have the discretion to retain the Director and KMP in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required in this regard.

Further, the Removal/ Retirement/ Retrenchment of SMPs shall be decided by either of Managing Director or Executive Director or CEO / CFO (whomsoever is the reporting authority) in accordance with the Human Resource Policy of the Company.

16. Succession Planning

“Succession Planning” means making the necessary arrangements to ensure that suitably qualified people are available to fill posts which will arise within any specific department over forthcoming years. The succession planning is implemented by the management, the Nomination &



Remuneration Committee of the Company, the Board of Directors (Board), the Human Resources Department, and the employees themselves.

17. Confidentiality

All persons responsible for execution of the Policy shall ensure confidentiality of the discussions and decisions with regard to the prospective candidate(s), except that the information may be shared, if required, with the concerned candidate(s) in order to prepare him for such elevation/induction.

18. Validity

The Policy shall be valid till next review by Committee members and/or Board of Directors, as applicable.

19. Review

The Board on recommendations of the NRC will review this policy at such intervals as may be required on the regulatory and business exigencies.

Any change/amendment/modification in the policy shall be approved by the Board on recommendations of the NRC. As this Policy is pursuant to the applicable laws, if any change to applicable laws or interpretation thereof necessitates any change to the Policy, this Policy shall be read so as to accommodate the changes and necessary amendment shall be carried out at a subsequent date in the policy. The Company Secretary will review the Policy to give effect to above, as and when need arises, till such time as the Board of Directors makes the necessary changes to the Policy. The Board shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable law in force.

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