



## **MANBA FINANCE LIMITED**

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## **NOMINATION AND REMUNERATION POLICY**

## **I. PREAMBLE:**

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Nomination and Remuneration Committee recommended the following remuneration policy relating to the remuneration being paid to Directors, Key Managerial Personnel and other employees, which was approved and adopted by the Board

Section 178 of the Act provides that the Committee shall recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, further the Committee shall also formulate the criteria for determining qualifications, positive attributes and independence of a director and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

## **III OBJECTIVE:**

The Key Objectives of the Policy would be:

The Key objectives of the Policy are:

- a) 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.
- b) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) To formulate criteria for evaluation of performance of the Board of Directors and Members of other Committees of the Board, KMPs and Senior Management and other employees of the Company and recommend remuneration payable to them to the Board.
- d) To formulate criteria for evaluation of Chairman, Independent Directors, Board as a whole and the Committees of the Board.
- e) To formulate the criteria for determining qualifications, positive attributes and independence of a directors and recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees.
- f) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- g) To assist the Board in fulfilling responsibilities
- h) To retain, motivate and promote talent and to ensure their sustainability and create competitive advantage.
- i) To implement and monitor policies and processes regarding principles of corporate governance

#### IV. DEFINITIONS:

1. The "Act" means the Companies Act 2013 and Rules framed thereunder as amended time to time.
2. Board of Directors" or "Board", in relation to a company, means the collective body of the directors of the company;
3. "Company" means "**MANBA FINANCE LIMITED.**"
4. "independent director" means an independent director referred to in sub-section (5) of section 149;
5. "Key Managerial Personnel" (KMP) means
  - a. Chief Executive Officer or the Managing Director or the Manager,
  - b. Company Secretary,
  - c. Whole-time Director,
  - d. Chief Financial Officer and
  - e. Such other officer as may be prescribed;
- i. "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013;
- ii. "Policy or This Policy" means, "Nomination and Remuneration Policy" ;
- iii. "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.

#### INTERPRETATION:

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other Act/Regulation as may be in force and as and when it is amended from time to time.

#### V. GUIDING PRINCIPLES:

The Policy ensures that:

1. 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;
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
3. 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.

#### NOMINATION AND REMUNERATION COMMITTEE:

a) The Board of Directors of the Company shall constitute the Committee to be known as the Nomination and Remuneration Committee consisting of three or more NEDs out of which atleast two third is Independent Directors. The Committee shall comprise of atleast 3 Directors at all times.

b) The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company (whether Executive or Non-Executive) may be appointed as member of the Nomination and Remuneration Committee but shall not Chair such Committee.

c) The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

d) The Nomination and Remuneration Committee shall meet at least once in a financial year.

## **VI. ROLE OF COMMITTEE ARE AS FOLLOWS:**

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

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
2. Recommend to the Board their appointment and removal,
3. Carry out evaluation of every director's performance.
4. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
5. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. recommend to the board, all remuneration, in whatever form, payable to senior management;
7. to perform such other duties and responsibilities as enumerated in the Act, Listing Regulations and/or informed by the Board of Directors of the Company from time to time.

## **XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

### **Appointment criteria and qualifications:**

1. 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.
2. 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.
3. He/ she should be qualified and eligible as per the provisions prescribed under Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and should possess appropriate skills, experience, expertise and knowledge.
4. The Committee shall have the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
5. Appointment of Independent Director is subject to compliance of provisions of Section 149 of the Act read with Schedule IV, rules made thereunder, other applicable regulations of Listing Regulations.
6. In addition to the above, the appointment of directors including managing directors, whole time directors, NEDs and independent directors shall be in accordance with the provisions

of the Act, including Schedules IV and V of the Act and the Rules made thereunder and the other applicable regulations of the Listing Regulations.

7. The Company shall appoint/ re-appoint as Managing Director/Whole-time Director/Manager in Compliance with the provisions of the Companies Act, 2013, Guidelines issued by Reserve Bank of India, Listing Obligations and Disclosure Requirement issued by Securities & Exchange Board of India and other Regulatory Authorities from time to time. 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.
8. Fit and Proper Criteria - The Nomination and Remuneration Committee shall undertake a process of Due Diligence based on the criteria of qualifications, technical expertise, track record, integrity etc. The basic objective of ascertaining the fit and proper criteria shall be to put in place an internal supervisory process on a continuing basis and to determine the suitability of the person for appointment / continuing to hold appointment as a Director of the Board of the Company. The Candidate at the time of appointment and at the time of the renewal of Directorship shall fill in such form as approved by the Nomination and Remuneration Committee to enable the Committee undertake such exercise of ensuring the 'Fit and Proper Criteria'. Further, the Company has adopted the separate policy on Fit and Proper criteria as prescribed under RBI Guidelines which is to be adhered at the time of appointment and/or reappointment. The Committee shall undertake such Due Diligence exercise at the time of appointment of the Directorships of the incumbent.

#### **Term / Tenure:**

1. 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.
2. 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 reappointment 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.  
**Evaluation:** The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).  
**Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.  
**Retirement:** The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**EVALUATION :** The Committee shall carry out evaluation of performance of every Director, members of committees of the Board, KMP, Board Committees, Board as a whole and Senior Management, at regular interval (at least once in every year). The results of performance evaluation shall be the basis of remuneration proposed/ amended from time to time by the Committee.

**REMOVAL:** Due to reasons for any disqualification mentioned in the Act, Policies of the Company, 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 may retire as per the applicable provisions of the Act and the prevailing policy of the Company. Subject to applicable provisions of laws, 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

### **XIII REMUNERATION PAID TO EXECUTIVE DIRECTORS:**

- i. The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Whole-time Directors/ KMP/ Senior Management etc. shall be governed as per the provisions of Section 149, 197 read with Schedule V and such other applicable provisions of the Act and Rules made there under or any other enactment for the time being in force, and pursuant to Regulation 17 & 19 and other such applicable regulations of Listing Regulations. Further remuneration of Other Employees shall be decided/ recommended and approved by the management/ Executive Directors based on company's HR Policy.
- ii. The remuneration paid to Director/ Whole-time Directors/ KMP/ Senior Management. Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- iii. Subject to the applicable provisions of law for the time being in force and appropriate consents and permissions, the Nomination and Remuneration Committee of the Board shall have power to determine remuneration and modify/ amend the same within the overall limits of Section 197 read with Schedule V of the Act, applicable provisions of Listing Regulations & the Act and rules made thereunder. The remuneration may be decided as fixed and/or variable or combination of both.
- iv. In case of inadequacy of profits, the remuneration may be recommended/ paid to the Whole-time Directors as well as NEDs including Independent Directors on the Board in line with the provisions of Section 149, 197 read with Schedule V of the Act and Rules made thereunder subject to the passing of special resolution by the members of the Company as and when applicable. The amount of sitting fees to Independent Directors shall be subject to ceiling/ limits as provided under Act and rules made there under or any other enactment for the time being in force.

- v. At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the Companies Act 2013.

### **Remuneration Policy Structure**

The remuneration structure for the Executive Directors would include the following components:

- (i) Basic Salary
  - i. Provides for a fixed, per month, base level remuneration.
  - ii. Are normally set in the home currency of the Executive Director and reviewed annually.
  - iii. Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.
- (ii) Commission
  - i. Executive Directors will be allowed remuneration, by way of commission which is in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
  - ii. Subject to the condition that the amount of commission shall not exceed 1% of net profit of the company in a particular financial year in the manner referred in Section 197 & 198 of Companies Act 2013.
  - iii. The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration committee and approval of the Board of Directors.
- (iii) Perquisites and Allowances
  - A basket of Perquisites and Allowances would also form a part of the remuneration structure.
- (iv) Contribution to Provident and Other funds
  - In addition to the above, the remuneration would also include:
    - i. Contribution to Provident Funds
    - ii. Gratuity, If any

### **(v) Minimum Remuneration**

If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be entitled to, by way of Basic Salary, Perquisites, allowances, not exceeding the ceiling limit as per the resolution passed under of the Companies Act, 2013

## **XIV. REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS**

The Remuneration to the Non-Executive Directors would be as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors. It would be pursuant to the provisions of the Companies Act 2013.

Remuneration of Non-Executive Directors shall comprise of following:

- \* Fees for attending meetings of the Board as well as Committees of the Board as decided by the Board within the limits prescribed under the Companies Act.
- \* Traveling and other expenses they incur for attending to the Company's affairs, including attending Committee, Board and General meetings of the Company.

## **XV. REMUNERATION PHILOSOPHY FOR KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT & STAFF**

The Company shall review, at least annually, the Key Management personnel's remuneration arrangements in light of current market benchmarks and expert advice on remuneration levels and, with due consideration to law and corporate governance principles. Remuneration of the Key Management Personnel consists of a fixed component and a variable performance incentive. The annual appraisal of the Key Management personnel is based on a detailed performance evaluation of their Key Performance Indicators (KPI's) .

### **NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- a) Shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- b) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- c) Ensuring that on appointment to the Board, NEDs receive a formal letter of appointment in accordance with the guidelines provided under the Act. The letter of appointment / reappointment to be issued to the Independent Director shall inter alia also set out the matters as stated in Schedule IV of the Act and shall be placed on the website of the Company;
- d) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- e) Determining the appropriate size, diversity and composition of the Board;
- f) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- g) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- h) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
  - i) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract. Whether to extend or continue the term of appointment of the independent director, on the basis of report of performance evaluation of independent Directors;
- j) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- k) Recommend any necessary changes to the Board and Considering any other matters, as may be requested by the Board.
- l) NRC shall be authorized to undertake any action / step required to be taken to comply with the requirements prescribed under the Applicable Laws.

### **9. DUTIES IN RELATION TO REMUNERATION MATTERS**

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain



and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

- Approving the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

## **XVII. Review**

Policy shall be reviewed by the Nomination and Remuneration Committee ("Committee") as and when any changes are to be made in the Policy. Any changes or modification in the Policy as recommended by the Committee shall be presented to the Board for their approval.

If at any point a conflict of interpretation / information between the policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.