

KHUSHBU AUTO FINANCE LIMITED

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy of Khushbu Auto Finance Limited (hereinafter referred to as “the Policy”) has been formulated in accordance with the provisions of the Companies Act, 2013 read along with rules framed thereunder, as amended from time to time. The Policy outlines the role of Nomination and Remuneration Committee and the Board of Khushbu Auto Finance Limited in inter-alia determining the criteria for Board membership, approve and recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and the Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee of Khushbu Auto Finance Limited will be a Board Committee. Following shall be the broad responsibilities of the Nomination and Remuneration Committee:

- i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the business of the Company successfully.
- ii. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii. That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company 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. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
- v. To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- vi. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company’s operations; and
- vii. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

2. CONSTITUTION

The Committee shall comprise at least three Directors and all of whom shall be non-executive directors to the extent possible. As the Company is Wholly-owned Subsidiary of Atul Auto Limited, the Company is not required to appoint Independent Director. The quorum for the meeting shall be either two members or one third of the members of the committee whichever is greater. The Committee may meet, convene and conduct Committee meetings physically or through video conferencing or audio-visual means, as may be decided by the Committee.

3. MEANING OF TERMS USED

- a. "Act" means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time
- b. "Board" refers to Board of Directors of Khushbu Auto Finance Limited
- c. "Company" or "Khushbu Auto Finance" refers to Khushbu Auto Finance Limited pursuant to this Policy.
- d. "Senior Management" shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the "chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.
- e. "Rules" means Companies (Meetings of Board) Rules, 2014 including any modifications or amendments thereof).

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

4. ROLE AND RESPONSIBILITIES

The role and responsibility of the Committee shall be to undertake specific duties listed below and it will have the authority to undertake such other specific duties as the Board prescribes from time to time. The below mentioned roles and responsibilities are derived from the terms of reference of the Committee as determined and approved by the Board.

- a. To recommend to the Board the appointment/reappointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To recommend to the Board the remuneration payable to the Directors, Key Managerial Personnel and Senior Management personnel.
- c. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- d. To determine that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- e. To formulate a criteria for determining qualifications, positive attributes and independence of a Director and to recommend to the Board the Policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- f. Ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully.
- g. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

- h. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria as decided by the Committee.
- i. To ensure that there is an appropriate induction program for newly appointed Key Managerial Personnel and Senior Management personnel.
- j. To recommend to the Board the appointment, removal and the remuneration payable to a relative of a Director.
- k. To assist the Board in fulfilling its responsibilities.
- l. To perform such other functions as may be necessary or appropriate for the performance of its duties.

5. POWERS OF THE COMMITTEE

The Committee shall have inter-alia following powers:

- a. Conduct studies or authorise studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company
- b. Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company.
- c. Delegate its powers or form sub-committees to perform any of its functions or role under this Policy, subject to approval of the Board.

6. MEETINGS

The Committee shall meet at least once in year. Additional meetings may happen as the Committee deems it appropriate. The Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

7. MINUTES

The committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board.

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