

MUTHOOT SECURITIES LIMITED
NOMINATION AND REMUNERATION POLICY

The Board of Directors of Muthoot Securities Limited (“the Company”) constituted a “Nomination and Remuneration Committee” consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

1. Definitions:

- 1.1. “Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 1.2. “Board” means Board of Directors of the Company.
- 1.3. “Committee” means Nomination and Remuneration Committee
- 1.4. “Company” means Muthoot Securities Limited
- 1.5. “Director(s)” mean Directors of the Company.
- 1.6. Key Managerial Personnel (KMP) means
 - i. Managing Director or Chief Executive Officer or Manager;
 - ii. Whole-time director;
 - iii. Chief Financial Officer; and
 - iv. Company Secretary;
- 1.7. Senior Management means officers/personnel of the Company who are members of its core management team. The core management team includes Chief Executive Officer, Chief Financial Officer and Company Secretary.

2. Objective:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- 2.1. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management Personnel.
- 2.2. To evaluate the performance of the members of the Board, KMP and Senior Management Personnel and provide necessary report to the Board for further evaluation of the Board.
- 2.3. To recommend to the Board on remuneration payable to the Directors, KMP and Senior Management Personnel.
- 2.4. To provide to KMP and Senior Management Personnel reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- 2.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. Membership

- 3.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 3.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 3.3 Chairperson of the Committee shall be an independent director
- 3.4 Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairperson of the Committee
- 3.5 Term of the Committee shall be continued unless terminated by the Board of Directors

4. Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

5. Role of Committee

5.1. Matters to be dealt with, perused and recommended to the Board by the Committee

The Committee shall:

- 5.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 5.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 5.1.3. Recommend to the Board the appointment and removal of Directors, KMP and Senior Management Personnel

5.2. Policy for appointment and removal of Director, KMP and Senior Management Personnel

5.2.1. Appointment criteria and qualifications

- a) Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/Senior Management Personnel are the basis for the Committee to select a candidate. 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.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. 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 the age of seventy years.

5.2.2. Term/Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director 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.

b) 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 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, 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,

(c) KMP / Senior Management Personnel:

The tenure of KMP / Senior Management Personnel shall be governed by the Company's term of appointment

5.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

5.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the provisions and compliance of the said Act, rules and regulations.

For KMP / Senior Management Personnel, removal will be governed by the Company's term of appointment and subsequent approval of the Managing Director of the Company

5.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the 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.

5.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

5.3.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) The remuneration payable to the KMP / Senior Management Personnel shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base
- e) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, 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.

5.3.2. Remuneration to Whole-time Director; KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole-time Director / Manager in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director / Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

5.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed Rs 1,00,000 (Rupees one lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Act and Rules made thereunder from time to time.

c) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

6. Committee Members' Interest

6.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

6.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee

7. Voting

7.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

7.2 In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

8. Nomination Duties

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

- 8.1 Ensuring that there is an appropriate induction in place for new Directors, KMP and members of Senior Management Personnel and reviewing its effectiveness;
- 8.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 8.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 8.4 Determining the appropriate size, diversity and composition of the Board;
- 8.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 8.6 Evaluating the performance of the Board members and Senior Management Personnel in the context of the Company's performance from business and compliance perspective;
- 8.7 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.
- 8.8 Recommend any necessary changes to the Board; and
- 8.9 Considering any other matters, as may be requested by the Board.

9. Remuneration Duties

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

- 9.1 to consider and determine 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.
- 9.2 to approve the remuneration of the Senior Management including key managerial personnel 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.
- 9.3 to ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- 9.4 to consider any other matter as may be requested by the Board

10. Minutes of the Meeting

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

