

***Au FINANCIERS (INDIA)
LIMITED***

Nomination & Remuneration Policy

Au FINANCIERS (INDIA) LIMITED

REMUNERATION POLICY FOR DIRECTORS & SENIOR MANAGEMENT

INTRODUCTION:

Au Financiers (India) Limited (the “company”) is of the firm view that in today’s globalized world, where on the one hand, exists cut throat competition and on the other hand, , there is a dearth of availability of candidates with a zeal and passion to perform and outshine. The company also holds a view that fruits of hard work could be reaped only when the plans are in reality executed from beginning to end in the right direction with the right course of action. It is this execution and action that enables to turn day-dream plan into a concrete reality.

With an ambition to become one of the most preferred financiers and to outperform its peers with an ambition to remain front runner in delivering best financial solutions, the company proposes policy to pay adequate remuneration to its Directors & Key Managerial Personnel (KMP) to align the aspirations of human resources, consistent with the goals of the Company.

From regulatory perspective this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management of the company is in line with the Companies Act, 2013, and the listing agreement entered into with the Stock Exchanges, as amended from time to time, has been formulated by the Committee.

DEFINITIONS

Key Managerial Personnel (KMP) in relation to Company means-

In terms of section 2 (51) of Companies Act, 2013, read with its applicable rules, Key Managerial Personnel is defined, as under:-

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer;
- (v) Such other officer as may be prescribed.

Senior Management

In terms of Explanation to sub section 8 of Section 178 of the Companies Act, 2013, read with its applicable rules, the following employees are Senior Management of the Company, as may be amended from time to time :-

Name of Function	Name of Employee falling under Senior Management	Grade	Designation	Management
Risk	Mr. Rishi Dhariwal	M-10	CRO	Uttam Tibrewal
HR, Branding & Admin	Mr. Manoj Tibrewal	M-11	COO	Sanjay Agarwal

Director

“Director” means a director appointed to the Board of the Company.

Other Employees

“Other employees” means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

APPLICABILITY

In view of the definition given above, the policy is applicable on the following:

- Directors;
- Key Managerial Personnel (KMP) ;
- Senior Management and;
- Other Employees

KEY AREAS OF THE POLICY

- Laying 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 and Key Managerial cadres and to determine their remuneration.
- To formulate criteria for determining qualification, positive attributes and Independence of a Director;
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies & industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management.
- To grant reward linked directly to their effort, performance, dedication and achievement relating to Company’s operations and the results expected therefrom.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated and recommended by the Nomination and Remuneration Committee in its meeting held on 28th January, 2015 and approved by the Board.

***CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:**

The company at present has Nomination and Remuneration Committee of its Board of Directors, in line with the applicable provisions of Companies Act, 2013, SEBI Guidelines and other regulatory guidelines.

The Committee comprises of the following eminent members of the Board:

Sr. No.	Name of Committee Member	Designation
1.	Mr. K K Rathi	Chairman
2.	Mr. Sanjay Agarwal	Member
3.	Mr. Vishal Mahadevia	Member
4.	Mr. Ravindra Bahl	Member
5.	Mr. Mannil Venugopalan	Member
6.	MS. Jyoti Narang	Member

**Reconstituted by the Board, with effect from 22nd Januray, 2016, in the meeting of board of directors held on 22d January, 2016.*

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirements.

General

The Policy is divided into three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board

Part – B covers the appointment and nomination and

Part – C covers remuneration and perquisites etc

The key features of this Company's policy shall be included in the Board's Report and shall also be disclosed on the website of the company.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

Formulate the criteria for determining qualifications, 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 the criteria laid down in this policy.

Carry out evaluation of every Director's performance.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

PROCEDURES MENTIONED BELOW ARE TO BE FOLLOWED AND MINIMUM CRITERIA FULFILLED BY THE PERSONS BEFORE THEY ARE APPOINTED ON THE BOARDS BY THE COMPANY:

- a) Nomination and Remuneration Committee shall undertake a process of due diligence at the time of appointment/reappointment to determine the suitability of the person for appointment/ continuing to hold appointment as a director of the board, based upon qualification, expertise, track record, integrity and other “fit and proper” criteria.

Company shall obtain necessary information and declaration from the proposed / existing directors for the purpose in the format given in Annex-2 in Master Circular- “Non-Banking Financial Companies- Corporate Governance (Reserve Bank) Directions, 2015” dated 1st July, 2015 and declaration shall be scrutinized by the Nomination and Remuneration Committee..

On review of declaration received, Nomination Committees should decide on the acceptance or otherwise of the directors, where considered necessary.

Committee shall obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

The committee must ensure in public interest that the nominated/ elected directors execute the deeds of covenants in the format given in Annex-3 of above mentioned circular.

1. CRITERIA FOR APPOINTMENT AND DESIRED LEVEL OF QUALIFICATIONS:

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.

- A person should possess adequate qualification(s), expertise and experience for the position he / she is considered for appointment, besides screening integrity of the person proposed to be appointed. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the position.
- A person appointed as Director should not be disqualified from being appointed as Director under section 164 of the Companies Act, 2013, read with its applicable rules, in force as on date of appointment. Further a person to be appointed as Independent Director should possess qualifications mentioned in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time. The Company shall not appoint or continue the employment of any person as Managing Director/ Wholetime 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 seventy years.
- The Company has an hierarchy structure displaying positions of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its

operations. Any new recruit in the Company is to match the requirements prescribed in the hierarchy structure of the Company. The Committee as well as the Board should ensure to comply with the applicable laws and should also consider crucial industry and other economic factors while appointing senior management.

Term / Tenure:

Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, 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.

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. 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole Time Director of a listed Company.

Evaluation

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

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 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 the applicable provisions of the Companies Act, 2013 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.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

General:

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.

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 Companies Act, 2013, and the rules made thereunder as applicable from time to time.

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.

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.

Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

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, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Performance Bonus:

The performance bonus for Executive Board Members of the Company and Key managerial persons shall be recommended by the Committee based on key performance indicators, i.e. Policy Framework, Risk

Management, Disbursements, growth in Asset Under Management, Branch network expansion, diversification of product lines, Profits, reduction in Cost of borrowing, asset quality and Innovations. The performance shall be reviewed annually on above and other parameters as the Committee may recommend further.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

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 Companies Act, 2013 and the rules made thereunder.

Sitting Fees

The 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. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Stock Options

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

REMUNERATION VIS-À-VIS COMPANY'S PERFORMANCE

The committee with a view to motivate and retain its talented pool of employees, emphasize on devising optimum combination of remuneration to its employees as well as to the senior Management, considering the factors playing crucial and decisive role in judging company's performance. The Committee while devising such methodology should consider company's performance, comparing it with industry benchmarks and peer group companies' performance.

The Committee should also consider and recommend to the Board, criteria for determining company's performance, in terms of revenues, disbursements, key financial ratios, etc.

The committee should also lay down factors and various slab of percentage of increase in remuneration of its KMPs, including that of Chief Financial Officer and of Company Secretary. This should factor in

various parameters revolving around company's performance, particularly the number of employees reflected as confirmed employees on the rolls of the company, as on 31st March, every year.

REMUNERATION VIS-À-VIS FINANCIAL STRUCTURING

The Committee while adopting suitable remuneration structure for company's independent Directors, its Employees, Key Managerial Personnel, should also take into account the following critical financial factors, every year and at the time of revisions, from time to time. These among others are as follows:-

- Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year, comparing it with average industry standards prevailing each year and as revised from time to time coupled with prevailing economic conditions in the Country.
- The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year, as these employees play vital role and remain at helm of affairs, in strategizing and execution of work, in line with company's goals and future plans.
- The percentage increase in the median remuneration of employees in the financial year, as median gives an appropriate indication to what extent a company's remuneration policy, if compared with overall industry standards, is able to attract and retain its talented employees and motivate them.
- Relationship between average increase in remuneration and company performance. The Committee as well as the Board should keep an eye on the performance delivered by the Company, as expected in terms of its budget, plans, targets and limits set by the Shareholders of the Company. Appropriate weight age should be laid upon the fact that the company neither underpays nor does it pay over and above the company's financial position, vis-à-vis industry standards. Similarly comparative analysis should also be made with respect to remuneration of the Key Managerial Personnel against the performance of the company, as on 31st March, every year.
- Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year, the variations in the net worth of the company as at the close of the current financial year and previous financial year.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration. Justification should be expressed if there are any exceptional circumstances for increase in the managerial remuneration.
- It is to be ensured by the Committee as well as by the Board that except those of Independent Directors on the Board of the company, no other Director, excluding Managing and Whole Time Director should receive, any sort of remuneration unless expressly, consented so by the Committee and upon its recommendation by the Board as well.
- Scrutiny of cases where an employee receive remuneration in excess of the remuneration paid to highest paid director of the company during the year with due justification be deliberated and evidenced by the supporting approvals. Ratio of such remuneration should also be highlighted.

The entire remuneration structure of Directors, Senior Management Personnel and Key Managerial Personnel, as defined by the Company from time to time in terms of this policy, should be in line with the applicable provisions of the Companies Act, 2013, read with its applicable rules, as amended from time to time.

Approvals from shareholders and of various other authorities, wherever required, should also be taken by the Company, in compliance to the various applicable laws.

Communication of this Policy

This Policy shall also be posted on the web-site of the Company and in the Annual Report of the Company.

Amendment

Any change in the Policy shall, on recommendation of Committee, be approved by the Board of Directors of the Company. The Board of Directors 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, and the decision of the Board in this respect shall be final and binding.

Applicability Period: 16-17

Date of Last review: 22nd Jan, 2016

Approving Authority: Board of Directors

Date of Review: 27th May, 2016

Prepared By
AVP - HR

Checked By
Head – HR

Reviewed By
Compliance