

NOMINATION AND REMUNERATION POLICY

Board of Directors of Muthoot Money Limited (“the Company”) in order to align with the provisions of the Companies Act, 2013 and RBI Guidelines has constituted a Committee as “Nomination and Remuneration Committee and has put in place a policy “Nomination and Remuneration Policy.”

OBJECTIVE

The Policy is framed in compliance with the Companies Act, 2013, RBI Notification No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015, titled “Non-Banking Finance Companies – Corporate Governance Directions, 2015” and the Policy Guidelines of Muthoot Money Limited. *Annexure-A* of the Policy specifically sets out the Fit and Proper Criteria applicable at the time of appointment of directors and on a continuing basis as per the RBI Notification mentioned above.

The Key Objectives of the Committee and the Policy would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.*
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and recommending the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.*
- d) to ensure that all provisions regarding Remuneration Policy and duties of Committee as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.*

DEFINITIONS

(a) Key Managerial Personnel: Chief Executive Officer, Executive Directors, Chief Financial Officer and Company Secretary or any other personnel as prescribed under Companies Act, 2013.

(b) Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

ROLE AND RESPONSIBILITIES

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

- a. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with Criteria as laid down and recommend to Board their appointment and removal.
- b. Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
- c. Ensure that the proposed appointees have given their consent in writing to the Company;
- d. Review and carry out every Director’s performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

- e. Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- f. Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- g. Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and
- h. Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings.
- i. Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
- j. Review the on-going appropriateness and relevance of the remuneration policy.
- k. Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.
- l. Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

CONSTITUTION

Members:

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman:

- a. Chairman of the Committee shall be a Non-Executive Director.
- b. Chairman of the Committee shall be decided by Board of Directors of the Company.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required by the Committee or as directed by Board of Directors of the Company.

GUIDING PRINCIPLES

Committee while exercising its functions as described in ROLE AND RESPONSIBILITIES of the Committee in this policy, will be guided by following broad principles:

- a. 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. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. The 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.
- d. In case, subject matter is related to appointment/remuneration of Independent Directors, the requirement under Code of Conduct of Independent Directors and other Statutory Requirements are met.
- e. In case, subject matter is related to appointment/remuneration of Directors other than Independent Directors, Key Managerial Persons, Senior Management, the requirement under Code of Conduct of Senior Management of the Company is met.
- f. 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. The Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Committee.
- g. Committee will be required to carry out all functions/ duties in compliance of Companies Act, 2013.

DECISION MAKING AND VOTING

- a. 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.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- c. Committee may refer any matter for consideration and decision by full Board of Directors of the Company, if majority of members deem the matter fit for the said purpose. Such matters which are referred by the Committee will be deemed to be agenda of the meeting of Board of Directors.

MINUTES OF COMMITTEE MEETING

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

REVIEW AND ALTERATION OF NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee of the Company will be guided by this policy and subject to the power granted to/ terms of reference of the Committee as decided by Board of Directors of Company from time to time and requirement under the Companies Act, 2013 or such other acts, rules, regulations or guidelines including SEBI/Stock Exchanges regulations. Nomination and Remuneration Committee of the Company may review this policy from time to time as it may deem fit. Any modification and Change in this policy will be subject to approval of Board of Directors based on recommendation of Nomination and Remuneration Committee of the Company.

ANNEXURE –A

FIT AND PROPER CRITERIA FOR DIRECTORS

A. REGULATORY FRAMEWORK AND BACKGROUND

1. As per the Reserve Bank of India (“RBI”) Notification, dated July 01, 2015, titled ““Non-Banking Finance Companies – Corporate Governance Directions, 2015”, bearing reference number DNBR (PD) CC.No.053/03.10.119/2015-16 (“RBI Notification”), every Non-Banking Finance Company (NBFC) is required to put into place a policy for ascertaining the fit and proper criteria to be adopted at the time of appointment of directors and on a continuing basis. Muthoot Money Limited (“Company”), being an NBFC, is accordingly required to put such a policy in place.

B. SCOPE AND APPLICATION

1. The Policy shall apply for the appointment of directors on the Board of Directors of the Company (“Board”) as well as during the tenure of the appointed directors on the Board.
2. Subject to paragraph B 3 below, the Policy shall be applicable with effect from the Board Meeting in which same has approved i.e. 03rd August, 2019.
3. All existing directors on the Board will be required to submit the Declaration and Undertaking and execute the Director Covenant as prescribed in the RBI Notification

C. PURPOSE

1. The objective of the Policy is to set out the ‘fit and proper’ criteria based on which new directors proposed to be appointed and existing directors whose appointment is intended to be continued can be evaluated.
2. The Company believes that this policy will aid the Company’s constant endeavor to ensure that only individual of high caliber and who possess the right blend of qualifications, expertise, track record and integrity are appointed to the Board.

D. EVALUATION OF FIT AND PROPER CRITERIA

1. Before appointing any person as a director on the Board or continuing the appointment of any such director, the Nomination and Remuneration Committee (NRC) shall undertake adequate due diligence in respect of such individuals to ascertain the suitability on the basis of the qualification, expertise, track record, integrity of such individual and also such other factors in respect of which information is obtained by the Company in the Declaration and Undertaking
2. The Company shall prior to the appointment of any person as a director on the Board obtain necessary information and declaration from the proposed / existing directors for the purpose in the format as per the RBI Notification or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time (“Declaration and Undertaking”). The Declaration and Undertaking in respect of the directors on the Board as on the effective date shall be obtained from the directors.

3. The NRC shall scrutinize each Declaration and Undertaking received. The NRC shall after considering the result of its due diligence (mentioned in D1 above) and the information provided in the signed Declaration and Undertaking, decide on and recommend to the Board the acceptance or otherwise of the potential new directors or existing directors whose appointment is to be continued or renewed, as the case may be.
4. Without limiting the generality of the foregoing paragraphs, no person will be considered for appointment as a director if such person is disqualified to act as director under applicable law.
5. In order to conclude that a person is 'fit and proper' to be appointed as a director on the Board or to continue in that capacity (as the case may be), the Board must be able to form a view that it would be prudent to conclude, on the basis of recommendations of the NRC, that:
 - a) the person meets the fit and proper criteria expressly set out by the RBI in the RBI Notification or such other or additional criteria (where applicable) which may prescribe for the purpose by the RBI from time to time
 - b) the person possesses the qualifications, competence, technical expertise, track record, integrity and judgement to perform properly the duties of a director on the Board;
 - c) the person possesses the educational or technical qualifications, knowledge and skills relevant to the duties and responsibilities as a director on the Board;
 - d) the person either:
 - i. has no conflict of interest in performing such person's duties as a director on the Board; or
 - ii. if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.
6. The Company shall require every director on the Board to annually provide a simple declaration (reflecting the position as on 31st March) which either confirms that the information already provided to the Board in the Declaration and Undertaking has not undergone any change or where there is any change, specifies the requisite details of such change. Any declarations which indicate a change in the information provided in the original Declaration and Undertaking shall also be scrutinized by the NRC/Board and the NRC shall keep the Board apprised of any such changes.
7. The Board shall ensure that any person who is appointed as director on the Board shall, on or before the date on which such person's appointment becomes effective, execute a deed of covenant in the format of the RBI Circular or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("Director Covenant"). The Director Covenant in respect of the directors on the Board as on the Effective Date shall be executed between the Company and such directors.

E QUARTERLY REPORTING

The Company shall provide a statement to the RBI on a quarterly basis (not later than 15 days from the end of every financial quarter) setting out the change of directors of the Company, if any, which statement shall be certified by the auditors of the Company and shall also be accompanied by a certificate of the Managing Director of the Company confirming that the fit and proper criteria in selection of such new directors has been followed.
