

Centrum Housing Finance Limited

Nomination and Remuneration Policy

PREFACE

Section 178 of the Companies Act, 2013 (“the Act”) and rules framed thereunder requires every listed company and such class or classes of companies, as may be prescribed to adopt a policy, relating to the remuneration for the Directors, Key Managerial Personnel (“KMPs”), Senior Management (“SMP’s”) and other Employees .

POLICY OBJECTIVE

The purpose is to have a Nomination and Remuneration Policy that is consistent with and promotes sound and effective risk management and which is aligned with the Company’s strategy, values and goals and the interests of stake holders and investors.

The Nomination and Remuneration Committee (NRC) has developed this Policy keeping in view the following aspects:

- (a) To maintain fair, consistent and equitable compensation practices in alignment with the Company’s business goals.
- (b) The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors and Employees of the quality required to run the Company successfully;
- (c) Maintain appropriate balance between fixed and variable remuneration to Directors, Key Managerial Personnel and Senior Management reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:
- (d) Align the growth of the Company and development of Employees and accelerate the performance;
- (e) To formulate a criteria for determining qualifications, positive attributes, required for appointment of Directors, Key Managerial Personnel and Senior Management and also the criteria for determining the Independence of a Director.
- (f) To provide the framework for tenure, removal/retirement of Directors, Key Managerial Personnel, and Senior Management
- (g) To provide the framework for evaluation of the performance of the Board and its constituents

I. **DEFINITIONS**

- (a) **“Act”** means the Companies Act, 2013 and the Rules framed thereunder;
- (b) **“Board”** means Board of Directors of the Company for the time in force;
- (c) **“Company”** means “Centrum Housing Finance Limited;
- (d) **“Committee”** or **“NRC”** means “Nomination and Remuneration Committee” of the Board of the Company, as may be reconstituted by the Board and as may subsist from time to time;
- (e) **“Director”** means person appointed as Director on the Board of the Company pursuant to the applicable provision of the Act and includes Independent Directors of the Company;
- (f) **“Business Unit”** or **“Department”** means every department of the Company, and also includes new entities setup from time to time.
- (g) **“Department Head”** or **“Functional head”** or **“Business Head”** means Employee of the Company who are designated as such or in charge of one or more Department and person who are designated as Head for the time being, by the Managing Director.
- (h) **“Executive Director”** means person appointed as Whole – Time Director, Executive Director or Managing Director, and holding office as such pursuant to the applicable provision of the Act.
- (i) **“Employees”** means and includes person who is confirmed for full time employment of the Company from time to time and are on the payroll of the Company.
- (j) **“Key Managerial Personnel”** or **“KMP”** means persons as defined in the Act and as appointed in the employment of the Company.
- (k) **“Nomination and Remuneration Policy”** or **“this Policy”** means this Policy for remuneration of Directors, KMP and Employees of the Company as set out hereby, recommended by the Committee and approved by Board as amended from time to time.
- (l) **“Senior Management”** means personnel in employment of the Company who are members of core management team excluding Directors comprising all members of management one level below the Executive Directors, including the KMP, Functional head and Business Heads.

II. NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board of Directors of the Company (the Board) shall constitute the committee to be known as the Nomination and Remuneration Committee comprising of 3 (three) or more Non – Executive Directors out of which not less than one-half shall be independent directors; Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee pursuant to the provision of the Act and Prudential Norms prescribed by the Reserve Bank of India for Non-Banking financial Companies. The Composition of the NRC shall be as per the requirement of the Act, SEBI Listing Regulations as may be applicable and RBI Guidelines on Corporate Governance will be maintained so at any given point of time. The NRC is playing statutory and consultative role in building appropriate remuneration structure in the Company. The recognition and appreciation of experience, expertise, advise, efforts and contribution provided by the Directors, KMP, Senior Management and dedication of Employees is to be considered as the foundation to strategize the remuneration structure. The Committee would also consider that composition of remuneration needs to be reasonable and sufficient to attract, retain and motivate directors and senior management of the quality required to run the Company successfully.

ROLE OF NRC COMMITTEE

MONITORING AND IMPLEMENTATION OF THIS POLICY

1) MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NRC

- (a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- (b) Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- (c) Recommend to the Board, appointment including the terms and removal of Directors, KMPs and Senior Management Personnel.
- (d) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Committee shall for effective implementation and monitoring of the Policy may take assistance of Human Resource Department (HRD) whenever required, seek attendance of Department Heads/Functional Head and obtain relevant data, details and analysis as the Committee may think necessary, seek advice of external experts, advisors or consultant(s), if required.

2) NOMINATION DUTIES

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

- (a) Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;
- (b) Ensuring that on appointment to the Board, the Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- (c) Identifying and recommending Directors who are to be put forward for retirement by rotation.
- (d) Determining the appropriate size, diversity and composition of the Board;
- (e) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- (f) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan, which shall be put up the Management at the end of every of financial year ;
- (g) Evaluating the performance of the Board Members and Senior Management in the context of the Company's performance from business and compliance perspective;
- (h) 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.
- (i) Delegating any of its powers to one or more of its members or Group HR Head, the Secretary of the Committee;
- (j) Recommend any necessary changes in the Policy to the Board;
- (k) Considering any other matters, as may be requested by the Board.

3) REMUNERATION DUTIES

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

- (a) To consider and determine the Nomination and Remuneration 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 regarding all elements of the remuneration of the members of the Board.

- (b) To approve the remuneration of the Senior Management including key managerial personnel of the Company, in line with the Policy, maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- (c) To delegate any of its powers to one or more of its members or Group HR-Head the Secretary of the Committee.
- (d) To consider any other matters as may be requested by the Board.
- (e) Professional indemnity and liability insurance for Directors and Senior Management.

MINUTES OF COMMITTEE MEETING

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

III. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMPS AND SENIOR MANAGEMENT

Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director with the objective of having a Board with diverse background and experience in business, education and public service and recommend to the Board his / her appointment.
- b) Attributes expected of all Directors include independence, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.
- c) Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder, RBI Guidelines and the Listing Regulations. The NRC shall check that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act before his/ her appointment as an Independent Director.
- d) No person shall be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.
- e) A person shall 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 is sufficient /satisfactory for the concerned position. In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations, management, public policy, legal, governance and other disciplines. The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.
- f) The Company shall not appoint or continue the employment of any person as 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.

In determining whether to recommend a Director for re-election, the Committee shall consider the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

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 three/five years at a time. No re-appointment shall be made earlier than one year before the expiry of the current term, the tenure shall be subject to the overall retirement policy of the Company.

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.

- (1) 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.
- (2) At the time of appointment of Independent Director it shall be ensured that the number of Boards on which such Independent Director serves as an Independent Director is restricted to seven listed companies and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

C) SENIOR MANAGEMENT/ KMP'S/ EMPLOYEES

The Human resource ("HR") Department shall carry out the evaluation of the employees, every year ending March 31st, with the Department Head(s)/ Management concerned. Key Responsibility Areas ("KRAs") shall be identified well in advance. Performance benchmarks shall be set and evaluation of employees shall be done by the respective reporting Manager(s)/ Management to determine whether the set performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons shall be determined after the satisfactory completion of evaluation process.

The HR Department of the Company is authorized to design the framework for evaluating the Employees.

The following criteria may assist in determining how effective the performances of the Senior Management/KMP's/Employees. have been:

- Leadership & stewardship abilities
- Contributing to the clearly defined corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- Obtain adequate, relevant, and timely information from external sources
- Review & achievement of strategic and operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor, & mitigate significant corporate risks
- Assess policies, structures, and procedures

The objective of carrying out the evaluation by the Company shall be to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis shall be provided to employees, whose performance during any financial year does not meet the benchmark criteria.

EVALUATION

The Company shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

REMOVAL

Due to reasons of any disqualification mentioned in the Act or under any other applicable Acts, rules and regulations thereunder, 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, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board shall have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION

A) NON-EXECUTIVE DIRECTORS

The key element of remuneration of Non-executive/ Independent Directors is sitting fees, and Commission subject to overall limit as prescribed in the Companies Act, 2013, and Rules made there under and the approval of the shareholders, and Articles of Association of the Company, as applicable.

They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options. However Non-Executive Directors are

eligible for stock options as may be decided by the Nomination and Remuneration Committee of Directors (NRC) from time to time

The company also bear/reimburse travelling and other expenses to outstation Directors for attending meetings and expenses in relation to attending to matters or business of the Company.

B) EXECUTIVE DIRECTORS

The Executive Directors are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by the NRC/ Board and approval of the shareholders.

The remuneration paid to Executive Directors shall broadly comprise of Fixed Pay & Variable Pay.

The Fixed Pay of the organization would typically consist of elements like Base Salary, Allowances, Perquisites, Benefits and Retirement benefits within the overall limit under Section 197 of the Companies Act, 2013.

In addition to the various cash components (salary, allowances etc.) the organisation may offer certain perquisites. The perquisites extended would be in the nature of Company Car, Car Lease, Company Leased Accommodation and Club Memberships.

The Variable pay component is performance bonus which is discretionary.

The quantum of variable pay will be based on the performance of the Company and Individual performance.

The Executive Directors shall be eligible for stock options of the Company as may be permitted under the applicable laws and approved Schemes. Employee Stock Option will be kept outside the total compensation structure in line with the guidelines prescribed by the Reserve Bank of India.

The Executive Director shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

Their annual increments shall be linked to their overall performance and as decided by the NRC, from time to time.

C) SENIOR MANAGEMENT, KMP AND OTHER EMPLOYEES

The key components of remuneration package of the Senior Management, KMP and other employees of the Company shall comprise of Fixed Pay & Variable Pay.

The Fixed pay would typically consist of elements like Base Salary, Allowances, Benefits, HRA and Statutory & Retirement benefits.

They may also be eligible for stock options as may be permitted under the applicable law or approved Schemes based on their grade.

The Variable pay is discretionary and is based on the business unit performance and individual's performance. The variable pay component is the performance bonus which is paid out annually taking into account the performance review ratings.

The annual increments shall be linked to business unit performance & individual's performance as recommended by Managing Director in consultation with their reporting managers and Human Resources Department and approved by the Board.

GUARANTEED BONUSES

The guaranteed bonuses may not be consistent with the sound risk management or pay for performance principles of the organisation and therefore will not be an integral part of the general compensation practice. However due to the compulsion for critical hiring for some select strategic roles the organisation may consider granting of sign-on bonus as a prudent way to avoid loading the entire cost of attraction into fixed component of salary which could have a long term cost implication for the organization.

The bonuses are discretionary and will have lock-in clause.

OTHER BENEFITS

Apart from the cash compensation and perquisites, currently the organisation provides employees with Group Medclaim Policy (Family Floater) & Group Term Insurance.

The Company may sponsor Employees for further education / training to enhance managerial skills for middle and senior level employees.

MALUS AND CLAWBACK

These can be applied to all categories of employees including Managing Directors/Executive Directors and will be applicable only on Variable pay (Performance Bonus/Joining Bonus/Sign-on Bonus/Deferred Incentive & ESOP).

This clause will be applicable in case of disciplinary action, breach of Code of Conduct or any such instance for which the NRC deems it necessary to apply malus or /and clawback provisions.

REVIEW AND AMMENDMENT

The NRC or the Board may review the Policy annually or earlier when it deems necessary;

The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement for better implementation to this Policy, if it thinks necessary;

This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in this Policy.

COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the HR- Department of the Company who shall have the power to ask for any information or clarification from the management in this regard.

The Policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, may be disclosed in the Board's Report.