Agriwise Finserv Limited

Directors' Appointment and Remuneration Policy

Agriwise Finserv Ltd,
Unit No.802, 08th Floor, Sumer Plaza,
Marol Maroshi Road Marol Naka,
Andheri East, Mumbai – 400059.
Tel no.: +91-22-61829700
CIN No. – U65999MH1995PLC267097
https://www.agriwise.com/

Agriwise Finserv Limited	
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1 PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every public company having prescribed paid up capital shall constitute the Nomination and Remuneration Committee. The Company has a duly constituted Nomination and Remuneration Committee as per the requirement of section 178 of the Companies Act, 2013. This Committee and the Policy is formulated in compliance with the relevant provisions of the Companies Act, 2013.

2 INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the rules made there under, this policy on nomination and remuneration of Directors (including non-executive directors) on the Board of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

3 DEFINITIONS

(a) In this Policy unless the context otherwise requires:

i. "**Board**" means Board of Directors of the Company.

ii. "**Company**" means "Agriwise Finserv Limited (Erstwhile StarAgri Finance Limited)."

iii. "**Employees' Stock Option**" means the option given /to be given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

iv. "**Independent Director**" means a director referred to in Section 149 (6) of the Companies Act, 2013.

v. "**Key Managerial Personnel**" **(KMP)** means Chief Executive Officer or the Managing Director or the Manager, Company Secretary, Whole-time Director, Chief Financial Officer and Such other officer as may be prescribed.

vi. "**Nomination and Remuneration Committee**" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013

vii. "**Policy** or **This Policy**" means, "Nomination and Remuneration Policy."

viii. "**Remuneration**" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

ix. "**Senior Management**" means personnel of the Company who are members of its core management team excluding Board of Director and KMP. This would include the Chief Executive Officer, Chief Operating Officer and Chief Risk Officer.

(b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4 OBJECTIVE OF THE POLICY

(a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, KMPs and the Senior Management Personnel of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:

(i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;

(ii) evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation.

(iii) recommending to the Board the remuneration payable to the Directors, Key Managerial Personnel and setting forth a policy for determining remuneration payable to Senior Management Personnel.

(b) While determining the remuneration for the Directors (including non-executive directors) and KMPs and the Senior Management Personnel, regard should be had to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.

(c) While designing the remuneration package it should be ensured:

(i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;

(ii) there is 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) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.

(e) The Committee may consult with the chairman of the Board as it deems appropriate.

(f) The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 ("Act") (including Section 178 thereof), rules framed there under and clause 49 of the Listing Agreement including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.

(g) In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on July 27, 2015.

5 EFFECTIVE DATE

This policy shall be effective from the date of its adoption by the Board.

6 APPLICABILITY

This Policy is applicable to:

(i) Directors, including Non- Executive Directors

(ii) Key Managerial Personnel

(iii)Senior Management Personnel

7 MEMBERSHIP

(a) The Committee shall consist of minimum 3 non-executive directors, majority of them being Independent

(b) Membership of the Committee shall be disclosed in the Annual Report of the Company.

(c) Term of the Committee shall be continuous unless terminated by the Board of Directors.

8 CHAIRMAN

(a) Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

(b) Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

9 MEETINGS

The Meeting of the Committee shall be held from time-to-time as determined by the needs of the Board or the Committee. If the need arises, meetings may be held through video conference to address issues in between meetings. In lieu of a meeting, upon decision from its Chairman, the Committee may also act by unanimous written consent. The Committee may also pass a resolution by circulation in occasions where conducting a meeting is not possible. But such resolution passed shall be noted at the subsequent meeting of the Committee.

The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings as are applicable to the Board.

10 COMMITTEE MEMBERS' INTERESTS

(a) A member of the Committee is not entitled to participate when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

(b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

11 SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

12 QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Compensation Committee; whichever is greater.

13 VOTING

(a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. 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.

14 RESPONSIBILITY OF THE COMMITTEE

(a) The Committee is responsible for:

(i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;

(ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management;

(iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;

(iv) monitoring and evaluating the application of this Policy;

(v) monitoring and evaluating current remuneration structures and levels in the Company; and

(vi) any other responsibility as determined by the Board.

15 APPOINTMENT AND REMOVAL OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

15.1 Appointment

a) Committee shall undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. Committee should obtain necessary information and declaration from the proposed / existing directors for the purpose and scrutinize such information.

b) The process of due diligence shall be undertaken by the Committee at the time of appointment / renewal of appointment.

c) A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment as a Director, Key Managerial Personal or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

d) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of 70 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 of such motion indicating the justification for extension of appointment beyond seventy years.

e) The Company shall not appoint or continue the employment of Senior Management Personnel upon attainment of retirement age as per the policy of the Company.

f) 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.

g) The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

15.2 Term/Tenure

1. **Managing Director/Whole-time Director/Manager (Managerial Personnel)**

   The Company shall appoint or re-appoint any person as its Managerial Person 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.

2. **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 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 the expiry of three years of ceasing to become an Independent Director

15.3 Appraisal

The Committee shall at the time of appointment, apprise the director about:

a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;

b) Control systems and procedures;

c) Voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;

d) Qualification requirements and provide copies of Memorandum and Articles of Association;

e) Corporate policies and procedures;

f) Insider dealing restrictions;

g) Constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

h) Appointments of Senior Executives and their authority;

i) Remuneration policy,

j) Deliberations of committees of the Board, and

k) Communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

15.4 Evaluation

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

15.5 Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under 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 subject to the provisions and compliance of the said Act, rules and regulations.

15.6 Retirement

The Director, KMP and Senior Management 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 in the

same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

15.7 Compliance Officer

The Committee shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

16 REMUNERATION

16.1 Key Principles of the Remuneration Policy

While designing compensation for Directors, Key managerial personnel, senior management and other employees, the following set of principles act as guiding factors:

1. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders
2. Minimize complexity and ensure transparency.
3. Link to long term strategy as well as annual business performance of the company
4. Promotes a culture of meritocracy and is linked to key performance and business drivers.
5. Reflective of line expertise, market competitiveness so as to attract the best talent.

16.2 Remuneration to Executive Directors, Directors other than Executive Director and KMP

(i) The remuneration/ compensation/ commission etc. to Directors and KMP 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.

(ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

(iii) Where any insurance is taken by the Company on behalf of its Directors and KMP 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.

16.3 Remuneration to Executive Director and KMP

Fixed pay:

- Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- The break-up 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.

Variable components:

- The Executive Director and KMP participate in a performance linked variable pay scheme which will be based on the individual and company performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration.

  At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the clause 178, 197 and Section V of the Companies Act 2013.

  Increments to the existing remuneration/ compensation structure of Executive Directors shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders. And increments to the existing remuneration/ compensation structure of KMP shall be as per the appraisal policy of the Company.

Minimum Remuneration :

- If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

16.4 Remuneration to Directors other than Executive Director

Sitting Fees:

- The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act, 2013.

Minimum Remuneration :

- If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive / Independent Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

16.5 Provisions for excess remuneration

- If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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.

16.6 Remuneration to Senior Management Personnel

(i) The remuneration payable to Senior Management Personnel including their increments shall be determined from time to time as per the human capital and appraisal policy of the Company. The powers of the Nomination and Remuneration Committee in this regard have been delegated to the Management of the Company.

(ii) The Board of Directors shall from time to time be intimated of the remuneration payable to the Senior Management Personnel.

(iii) Where any insurance is taken by the Company on behalf of its Senior Management Personnel 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.

Fixed pay:

- Senior Management shall be eligible for a monthly remuneration as may be approved by the NRC Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

- The break-up 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 NRC Committee.

Variable components:

- The Senior Management Personnel participate in a performance linked variable pay scheme which will be based the individual and company performance for the year, pursuant to which the Senior Management are entitled to performance-based variable remuneration.

17 POLICY ON BOARD DIVERSITY

(a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields in the financial services space or as may be considered appropriate.

(b) The Board shall have at least one Board member who has accounting or related financial management expertise.

18 DISCLOSURE OF INFORMATION

This Policy shall be disclosed in the Board's report.

19 DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

20 AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.