

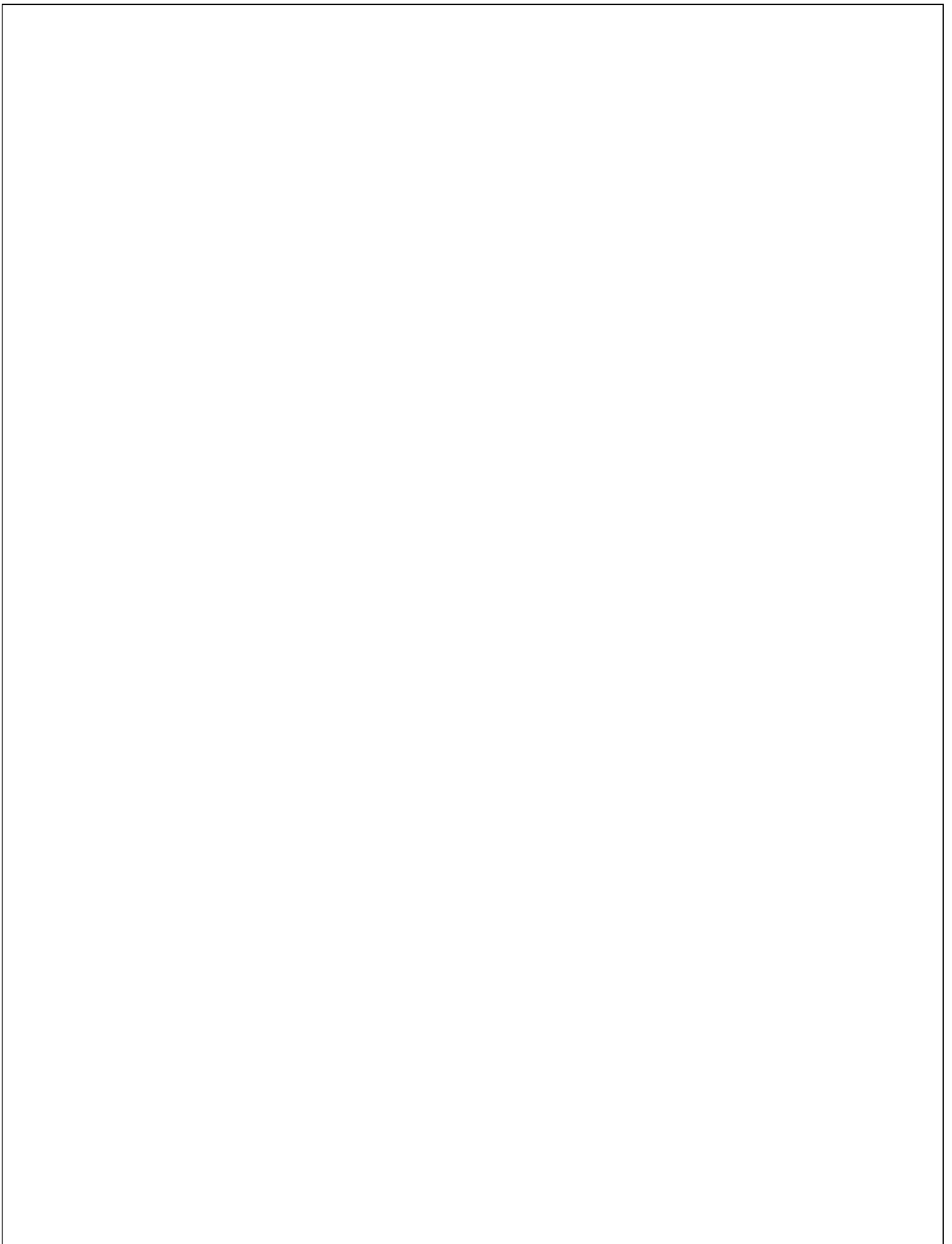


MUTHOOT CAPITAL SERVICES LIMITED

(MCSL)

CIN: L67120KL1994PLC007726

POLICY ON NOMINATION AND  
REMUNERATION



# POLICY ON NOMINATION AND REMUNERATION

## INTRODUCTION

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of Muthoot Capital Services Limited (the Company) at its meeting held on 28<sup>th</sup> March, 2019 re-constituted the Nomination and Remuneration Committee of the Board of Directors to comprise of the following directors:

1. Mr. A.P Kurian - Director (Chairman of the Committee)
2. Mr. Thomas Mathew - Director
3. Ms. Radha Unni - Director

The Board has inter-alia delegated the responsibility to the Committee to:

- a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- b. Formulate the criteria for evaluation of Independent Directors and the Board;

The Committee shall be guided by the broad principles as laid down below in respect of nominating persons to hold office of Director, Senior Management including Key Managerial Personnel, recommending the remuneration payable and evaluation of their performance.

## CRITERIA FOR SELECTION OF MEMBERS ON THE BOARD OF DIRECTORS AND CANDIDATES FOR SENIOR MANAGEMENT

The Committee has adopted the following criteria for selection of Members on the Board of Directors of the Company and also candidates eligible to be appointed in the Senior Management of the Company.

### (i) Criteria for Selection of Directors

Before making any recommendation to the Board for appointment of any Director, the Committee shall ensure that:

- a) the candidate possesses managerial/business/administrative qualifications and experience spread over two or more decades in diverse areas particularly finance, banking and general management;
- b) the candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Companies Act, 2013;
- c) in case of appointment of an Independent Director, the candidate meets the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges;

- d) the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, infrastructure, or such other areas or disciplines which are relevant for the Company's business; and
- e) the candidate also complies with the "Fit & Proper" criteria as laid down by the policy of the Company.

**(ii) Criteria for Selection of Senior Management Personnel**

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013.

The Committee shall, before making any recommendation to the Board for appointment, should ensure that the candidate has the attributes set forth below:

- a) The candidate should have a minimum experience of 10 years in any of the areas viz. banking, infrastructure, financial management, legal, sales, marketing, administration, research, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the Committee are relevant for the Company's business; and
- b) The candidate should possess qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee are in the interest of the Company.

If the Committee, in its opinion finds that the candidate meets the above criteria for appointment (as Director on the Board or in Senior Management position), it shall make its recommendation to the Board. Any amendment to the above criteria for Directors and Senior Management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

**EVALUATION OF PERFORMANCE OF DIRECTORS**

**(i) Evaluation of the performance of Managing Director/Whole Time Director**

The performance of the Managing Director/Whole Time Director is to be undertaken taking into consideration several aspects such as his ability to lead his team, his vision and commitment, his drive and managerial ability, in addition to the performance of the Company and his specific contribution to the growth and efficient functioning of the Company.

**(ii) Evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs)**

The Committee while evaluating the performance of the NEDs and IDs, shall take into consideration various factors as mentioned below:

- a) Understanding and knowledge of the market in which the Company is operating;
- b) Ability to appreciate the working of the Company and the challenges it faces;

- c) Attendance of meeting;
- d) Extend of participation and involvement in the meetings;
- e) Ability to convey his views and flexibility to work with others;

Marks may be assigned for each of the above criteria and based on the score achieved, the Board may evaluate the performance of each NED and ID.

For the evaluation of Non-Independent Directors by the Independent Directors as per the requirements of Corporate Governance norms, the Independent Directors may adopt any method of evaluation.

### **(iii) Criteria for Evaluation of the Board and its Committees**

The Committee has laid down the following criteria for performance evaluation of the Board:

- a) Review the performance of Non-Independent Directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company taking into account the views of Executive Directors and NEDs; and
- c) Assess the quality, quantity and timeliness of flow of information between the Company, Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The performance of the Committees shall be evaluated based on the following:

- a) Composition of the Committees;
- b) Effectiveness of the Committee meetings with respect to the terms of reference; and
- c) Conduct of meetings and procedures followed.

### **REMUNERATION POLICY**

The Committee has formulated a policy on remuneration for Directors, KMP and other employees.

The features of the same are as given below:

#### **(i) Remuneration of Managing Director, Whole Time Director and Manager**

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), shall take into consideration the performance of the Company, the experience of the person, his background, job-profile and suitability, his past remuneration, the comparative remuneration profile in the industry, size of the Company, responsibilities shouldered by the Managing Director/Whole Time Director/ Manager etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

#### **(ii) Remuneration of Non-Executive Director (NED)**

- a) The remuneration to the NEDs may be restricted to the sitting fees for attending meetings of the Board of Directors.
- b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees for attending meetings of the Board of Directors provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to NED.
- c) Independent Directors shall not be eligible for stock options of the Company, if any.

Any incidental expense incurred by the Directors with relation to the participation in the meetings of the Board and other Sub-Committees shall be reimbursed.

**(iii) Remuneration of Senior Management Personnel and KMP**

The remuneration of the Senior Management Personnel and KMPs shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the performance of the business/function under his control and also the contribution of the business/function under his control towards the overall performance of the Company.

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