

NOMINATION & REMUNERATION POLICY

The Nomination and Remuneration Committee of PPFAS Asset Management Private Limited (“the Company”) was constituted on September 24, 2020 as per provisions of the Companies Act, 2013 and Companies (Meetings of Board and its powers) Rules, 2014.

OBJECTIVE:

The policy specifies the norms to be followed for the purpose of remunerating and nominating the Directors and staff of the Company. The methods must be objective, fair, transparent, and simple.

The objective of the Nomination and Remuneration Committee is to help the Board achieve its objective to ensure that the Company:

- has a Board of an effective composition, size, competence, qualification and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain directors and executives who will create value for the shareholders;
- adheres to policies and best practices as prevalent in the market place.

DEFINITIONS:

“**Act**” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Committee**” means Nomination & Remuneration Committee.

“**Company**” means PPFAS Asset Management Private Limited.

“**Policy**” means Nomination & Remuneration Policy.

“**Key Managerial Personnel**” (KMP) means:

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

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

ROLE OF THE COMMITTEE:

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

- a) Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.

- b) Carry out performance evaluation of all Directors and Board.
- c) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- d) To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
- e) To devise the Policy on Board's diversity.
- f) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- g) To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.
- h) To carry out any other functions as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

MEMBERSHIP

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

Minimum three (3) members shall constitute a quorum for the Committee meeting. Term of the Committee shall be continued unless terminated by the Board of Directors.

Frequency of the meetings will be as and when required.

CHAIRPERSON

Chairperson of the Committee shall be an Independent Director.

Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

VOTING

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. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

➤ Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his / her appointment.
2. The persons proposed to be appointed as Independent directors should fit the criteria prescribed by SEBI for all Mutual Funds vide its circular no. MFD/CIR/11/ 354/ 2001 dated December 20, 2001 and any amendments made thereto.

3. For any other appointment i.e. of Senior Management and Key Managerial Personnel, the person should 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 are sufficient / satisfactory for the concerned position.
4. The appointments of KMPs / Senior Officials shall be subject to and in line with the HR policies of the Company introduced / amended from time to time.
5. The Company shall not appoint or continue the employment of any person as Managing 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.

➤ **Term / Tenure:**

1. **Managing Director and Whole Time Director:**

The Company shall appoint or re-appoint any person as its Managing Director and Whole Time 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.

2. **Independent Director:**

- i. Subject to the provisions of the Companies Act, 2013 and applicable provisions of SEBI Mutual Fund Regulations, 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(s) of such appointment in the Board's report.
- ii. 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. Any tenure of an independent director on the date of commencement of this Act shall not be counted as a term under the aforesaid criteria.
- iii. The appointment of Independent Director will be subject to the approval of the Trustee Company and compliance with the requirements prescribed by SEBI for all Mutual Funds vide its circular no. MFD/CIR/11/ 354/ 2001 dated December 20, 2001 and any amendments made thereto the said circular.

➤ **Evaluation:**

- The Committee shall carry out evaluation of performance of Key Managerial Personnel and Senior Management on an annual basis.
- The Committee shall determine the manner for evaluation of performance of Board, committees of the Board and directors on an annual basis to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance. The Committee may also seek the support and guidance of external experts and agencies for this purpose.

➤ **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, Key Managerial Personnel or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

➤ **Retirement:**

The Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013, Rules made thereunder and the prevailing policy of the Company. The Key Managerial Personnel and Senior Management may be retained in the same position / remuneration or otherwise even after attaining the retirement age for the benefit of the Company in accordance with the prevailing policy of the Company.

➤ **Matters relating to the remuneration, perquisites for the Directors, Managing Director, Whole Time Directors, Key Managerial Personnel and Senior Management**

1. The remuneration / compensation / profit-linked commission etc. to the Managing Director and/or Whole Time Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid down in the Companies Act, 2013, Rules made thereunder and Schedule V and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. Further, it shall be ensured that the remuneration to Directors, KMPs 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. The Committee shall peruse the same and approve accordingly unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.
3. Organisation wide Increments to the existing remuneration / compensation structure to the KMP / Senior Management Personnel shall be approved by the Committee. Increments to the Managing Director and Whole Time Directors should be within the slabs approved by the Shareholders. Increments will be effective from 1st April in respect of a Managing Director and Whole Time Directors as well as in respect of other employees of the Company, unless otherwise decided.
4. Stock Options may be granted to Directors including the Managing Director and Whole Time Directors provided they do not form part of the Promoter group. Independent Directors shall not be entitled to any stock option of the Company. Only such employees of the Company as approved by the Committee will be eligible for stock option plans.
5. Where any insurance is taken by the Company on behalf of its Directors 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.
6. Remuneration of Managing Director and Whole Time Directors:
 - The Managing Director and Whole Time Directors shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, commission/ performance bonus and quantum of perquisites including, employer's contribution to P.F, gratuity, club fees etc. shall be decided and approved by the Board on the

recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

- **Minimum Remuneration** – If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole Time Directors in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

7. Remuneration of Non- Executive Director including Independent Director:

- **Sitting Fees** – The Non-executive Directors including Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of the Committee and approved by the Board of Directors of the Company. Further the expenses for participation in the Board and other meetings shall be reimbursed to the Directors.
- **Profit-linked Commission** – The profit-linked Commission may be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.
- **Stock Options** – Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Stock Options may be granted to the Non-Independent Directors of the Company as approved by the Committee.

8. Remuneration to Key Managerial Personnel, Senior Management and Other Employees:

- The Key Managerial Personnel, Senior Management and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, gratuity etc. shall be as per the Company's HR policies.
- This Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, this Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

COMMITTEE MEMBERS' INTERESTS:

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.

REVIEW AND AMENDMENT:

The Committee or the Board may review the Policy as and when it deems necessary. The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary. This Policy may be amended or substituted by the Committee or by the Board as and when required.

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.

This Policy has been formally adopted and approved by Board of Directors of the Company in their meeting held on September 30, 2020 in accordance with Section 178 of the Act and rules made thereunder.