

Banas Finance Limited

POLICY ON SELECTION & APPOINTMENT OF DIRECTORS & THEIR REMUNERATION

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Objective:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 (the Act), the Nomination and Remuneration Committee of a company is required formulate the criteria for determining the qualifications, positive attributes and independence of a director proposed to be appointed as a director on the board of the company. This Policy document records the criteria for selection and appointment of directors on the Board of the Company.

Scope:

This Policy is applicable to selection and appointment of directors on the Board of the Company.

Criteria for selection of Directors:

The Nomination and Remuneration Committee ('the Committee') of the Board of the Company to keep the following criteria in mind while assessing the suitability of an individual as a director on the Board of the Company:

- a) Demonstration of independence, integrity, high personal and professional ethics;
- b) Ability and willingness to commit sufficient time to the responsibilities as a Board member;
- c) Understanding of the Company's/Group's business and related industry;
- d) General understanding of marketing, finance, and other disciplines relevant to the business of the Company/ Group; Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- e) Age giving sufficient experience as well as length of service available;
- f) Ability to assessment the conflict of interest, if any;
- g) Personal accomplishments and ability to influence decisions.

The above are the broad parameters for assessing the candidate's suitability. The Committee has the discretion to apply additional or different criteria as it may deem fit. The Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

The Committee may also consider the contributions that a board candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances. The Committee will also keep in mind regulatory requirements in this regard.

An Independent Director can hold office for a term up to five consecutive years on the Board of the Company and he is eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director can hold office for more than two consecutive terms of five years, but such Independent Director is 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.

The Company may appoint or re-appoint any person as the Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be reappointed earlier than one year before the expiry of their term.

Persons to be considered for appointment as directors are selected by the Nomination and Remuneration Committee in accordance with the policies and principles above and under the Act and the Listing Agreement. The invitation to join the Board may be extended by the Chairman of the Board.

REMUNERATION POLICY

Introduction:

This Remuneration Policy (Policy) of Banas Finance Limited has been formulated for its directors, key managerial personnel and other employees keeping in view the following objectives:

1. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
2. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
3. Ensuring that remuneration 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.
4. The Policy is in compliance with Section 178(3) and Section 178(4) of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Scope of policy:

The Policy applies to all directors, key managerial personnel and other employees.

Policy:

- The Board, on the recommendation of the Nomination and Remuneration Committee (NRC), shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
- The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the other Key Managerial Personnel of the Company.
- The remuneration structure of the Executive Directors and other Key Managerial Personnel shall include the following components:
 - a. Total Fixed Cost: This includes base salary, other allowances, perquisites and retirement benefits.
 - b. Variable Cost: This includes incentives / performance bonus linked to Company and individual performance.
 - c. The sum total of the Total Fixed Cost and Variable Cost is called the Cost to Company in the remuneration package.

Remuneration to Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

Remuneration to other employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization, Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

Remuneration is annually reviewed for the Key Managerial Personnel and other employees who are eligible for compensation review keeping in view the remuneration objectives.