

Atmosphere of trust, empowerment and performance-based reward is the key factor of retaining right talent in the organization.

NOMINATION AND REMUNERATION POLICY

Policy Owner

 **DIGAMBER FINANCE**[®]

PHILOSOPHY

As a philosophy, the Company believes that while appropriate remuneration and compensation should be paid to attract and retain the right quality of talent, yet compensation should not become the single most over-riding criteria of relationship between the staff and the company. Accordingly, the company shall strive at all times to create an atmosphere of trust, empowerment and performance-based reward which will draw and retain right talent in the organization. The company should be positioned as a great place to work in and the main motivation for staff, especially the senior management staff should be the adrenalin of high performance and aligned values and ethics-based work culture. However, the company does understand that financial compensations are also important and accordingly compensation should be structured such that it is reasonable compared to peers but may not be the highest compared to similar organizations.

1. The Nomination & Remuneration Committee:

Subject to approval by the board, the Nomination & Remuneration Committee (“Committee”) is responsible for formulating and making the necessary amendments to the Nomination & Remuneration Policy for the Directors, Key Managerial Persons (KMP) and Senior Executives of the Company from time to time.

2. Remuneration for Non-Executive Directors:

The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee.

Pursuant to the provisions of the Companies Act 2013, Managerial Personnel (Excluding Independent Directors), KMP, Senior Management and an employee shall be entitled to any Employee Stock Options (ESOPs) of the Company.

Non-Executive Directors including Independent Directors are reimbursed travel (excluding foreign travel) and other out of pocket expenses incurred by them for participation in the Boards/Shareholders and committee meetings of the Company, if any.

3. Remuneration to Managerial personal, KMPs:

The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel (Managing Director, Whole time director including other executive director), KMPs will be determined by the Committee and recommended to the Board for approval.

The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company.

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

Managerial Personnel, KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the 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 provident fund, 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.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.

Where if any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management 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.

The Managing Director and Whole Time Director may also be offered options under the Company's Employee Stock Option Schemes as may be in force from time to time (if any occurred in future) subject to provisions by various statutory authorities as applicable to the company with their modifications, if any, including but not limited to regulations prescribed by Companies Act, 2013 with its rules, and guidelines provided by Reserve Bank of India for this purpose. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

4. Remuneration for Senior Management Group:

“Senior Management Group” shall mean those executives reporting directly to Executive Directors. The Company's principal focus continues to be the attraction and retention of high-caliber executives, aligning them to the mission and value system of the organization and engage with them to develop and implement the Company's strategy so as to enhance long-term value. A consistent approach is used in determining the remuneration of key operational and functional heads within the Company (the 'Senior Management Group'). Compensation including fixed component and variable component for the Senior Management Group are therefore set by reference to local market practice in India and are in alignment with the Company's strategy.

Senior Management Group would also be entitled to employee stock options which would be individually determined based on criticality of the function, capabilities of the individual concerned and overall compensation of such persons in similar peer organizations.

5. Remuneration for other Employees:

Remuneration of middle and lower-level employees of the Company consists of both fixed and variable pay which is reviewed on an annual basis by Management of the company.

A formal annual performance evaluation process is applicable to all employees, including Key Executives. Increase in the remuneration of employees is affected based on an annual review taking into account performance of the employee and the

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performance of the Company also. Further all the eligible employees shall be participating in the Employee Stock Option Scheme.

6. Alignment of Remunerations:

The Committee strives to ensure that the remunerations of the Directors, Senior Executives, Middle and lower-level employees of the company are reasonably aligned and the difference between the highest and lowest paid employees in the company are kept at reasonable multiples. Such reasonable multiples would be determined from time to time based on industry trends and developments around the world on fair compensation practices.

7. Term of Appointment:

Term of Managing Director/ Whole Time Director is generally for a period of 5 years and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit. Whereas, term of the other employees, generally is up to the age of superannuation.

8. Familiarization program for independent directors:

The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.

9. Post-Retirement Benefits:

All the employees are entitled for retirement benefits such as provident fund and gratuity.

MONITORING, EVALUATION AND REMOVAL:

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to

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the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

Proceedings of all meetings must be entered in the minutes book and signed by the chairperson of the said meeting or the chairperson of the next succeeding meeting.

Minutes of the Committee meeting will be placed/circulated at the Quarterly basis before board meeting for noting.

REVIEW:

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.

CONTENT ON THE WEBSITE:

- Appropriate disclosure regarding this Policy shall be made on the Company website at <https://www.digamberfinance.com/corporate-governance/>
- The information published in the website should be updated whenever there is a change in the policy.

AMENDMENT:

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

POLICY REPEALABLE:

This policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this policy being held to be a violation of any applicable law, statute or regulation, the same shall be repealable from the rest of this policy and shall be of no force and effect, and this Criteria shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

DIGAMBER CAPFIN LIMITED

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