

## FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

### NOMINATION AND REMUNERATION POLICY

Finquest Financial Solutions Private Limited

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## NOMINATION AND REMUNERATION POLICY

### 1. Introduction:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, applicable guidelines of Reserve Bank of India, including on Corporate Governance Norms for NBFCs, 'Scale Based Regulation (SBR) – A Revised Regulatory Framework for NBFCs' and guidelines on Compensation of Key Managerial Personnel (KMPs) and Senior Management (SM) in NBFCs, read with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time.

### 2. Applicability:

The Policy is applicable to:

- Directors
- Key Managerial Personnel
- Senior Management Personnel
- Other employees

### 3. Definitions:

In this Policy unless the context otherwise requires:

1. "Act" means Companies Act, 2013 and rules thereunder
2. "Board of Directors" or "Board", in relation to the Company, means the collective body of the directors of the Company
3. "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
4. "Company" means **Finquest Financial Solutions Private Limited**
5. "Directors" means Directors of the Company
6. "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013
7. "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;
8. "Key Managerial Personnel" means:
  - i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
  - ii) Chief Financial Officer;
  - iii) Company Secretary; and

iv) such other officer as may be prescribed.

9. “Ministry” means the Ministry of Corporate Affairs

10. “Regulations” refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, and such other rules and provisions as applicable to the matters dealt in by this Policy.

11. “Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

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.

12. “Other employees personnel” mean the personnel of the Company who are below the KMP and Senior Managerial Personnel, which includes all the regular employees of the company which are comes under department wise completing regular task .

#### **4. Objectives:**

The objective of the policy is to ensure that

- a. To oversee the framing, review, and implementation of this Policy. To ensure fit and proper status of proposed/ existing Directors as per the RBI guidelines.
- b. To guide the Board by laying down criteria and terms and conditions in relation to appointment and removal of Directors, KMP and Senior Management.
- c. 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 Directors, KMP and other employees.
- d. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- e. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- f. The Remuneration to directors, key managerial personnel (KMP), senior management and other employees of the Company involves balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- g. provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- h. To retain, motivate and promote talent and to ensure long term sustainability of talented
- i. To develop a succession plan for the Board and to regularly review the plan.

- j. To assist the Board in fulfilling responsibilities.
- k. To implement and monitor policies and processes regarding principles of corporate governance.
- l. To authorised respective reporting heads in the organization for evaluation of other employees of the Company.
- m. To confirm “Fit & Proper Criteria” as per RBI Master Direction.

## **5. Role Of the Committee:**

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration in accordance with the criteria laid down in this policy.
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company’s operations;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
- To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on March 31, 2015.

## **6. Guiding Principles for Constitution of Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee will consist of three or more non-executive directors out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations. The Committee shall have the authority to call such employee(s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

## **7. Appointment criteria and qualifications Directors, KMP and Senior Management:**

- The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
- A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
- For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended for such role shall meet the description.
- The Company shall appoint or continue the employment of a person as managing director /whole- time director and non-executive Director who has not attained the maximum age of retirement as prescribed under Applicable Laws.
- A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board .
- The Company shall not appoint any resigning Independent Director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an Independent Director
- The term/tenure of the Directors, KMP and Senior Management/ other employees shall be in accordance with the Applicable Laws and their respective contracts/ terms of appointment.

## **8. Appointment And Removal of Director, Key Managerial Personnel and Senior Management:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the position.
- The Company shall not appoint or continue the employment of any person as Whole-time 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.

## **9. Term / Tenure:**

### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

### **b) 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 of 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 of up to maximum of 5 years each, 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.

## **10. Evaluation**

The provisions relating to the performance evaluation of the Directors and the Board are as follows:

1. Nomination and Remuneration Committee to carry out evaluation of every Directors Performance - Sec 178(2) of the Act.
2. Independent Directors to bring objective view in evaluation of performance of Board and
3. Management - Schedule IV(II) of the Act.

4. Disclosure in Board Report a statement indicating the manner in which formal annual evaluation of the performance has been made of Board, its Committees and of individual Directors - Section 134(3)(p) of the Act.

The Performance Evaluation is carried out on an annual basis for the Board as a whole, its committees, individual directors and the Chairman. The process involves the following steps.

- Define the criteria for evaluation of performance;
- Formulate the process for performance evaluation each level.
- Design the annual performance evaluation questionnaire
- Coordinate and collate the feedback received from each director;
- Analysis of the feedback received from each Director and Prepare summary thereof;
- Share the evaluation summary with the Chairman of the NRC
- Share the feedback of the chairman of the Board.

The above process will be implemented and controlled from the Chairman's office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the directors in confidence.

## **11. Evaluation Mechanism:**

### **a. Performance Evaluation by Independent Directors:**

- i. The performance evaluation of the Non-Independent Directors, the Managing Director, the Chairman of the Board and the Board as a whole, shall be carried out by the Independent Directors. The Independent Directors shall evaluate the performance on the basis of the feedback received from the Directors in the questionnaires circulated amongst them on an annual basis.
- ii. While evaluating the performance of the Chairman of the Company, the views of the executive director(s) and non-executive director(s) shall also be taken into account by the Independent Directors

### **b. Performance Evaluation of Independent Directors shall be done by the entire Board of Directors which shall include**

- i. Performance of the Directors; and
- ii. Fulfillment of the independence criteria as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and their independence from the management.

In the above evaluation, the directors who are subject to evaluation shall not participate.

### **c. Performance Evaluation of the Board Committees:**

The performance evaluation of the Board Committees shall be conducted on an annual basis. The separate set of questionnaires for each of the Committees, shall be sent to the members for their feedback.

The summary of the feedback received from all the Committee members shall be prepared and the same shall be given to the Chairman of the NRC.

#### **d. Deliberations Regarding the Criteria for Evaluation**

This involves discussing and deciding **how directors will be evaluated**, including:

- What aspects of their performance will be assessed (e.g., attendance, participation, strategic input, leadership, adherence to company values).
- What tools or processes will be used (e.g., self-assessments, peer reviews, external evaluations).
- Whether the criteria are aligned with the company's goals, regulatory requirements, and governance standards.

**Purpose:** To ensure that directors are effectively contributing to the board's functioning and the company's success.

### **12. CRITERIA FOR EVALUATION OF THE BOARD, ITS COMMITTEES & INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board is required to carry out annual evaluation of Board, its committees and individual Directors.

For annual performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board, the Company shall formulate a questionnaire to assist in evaluation of the performance. The tool takes the form of a series of assertions/questions which should be awarded a rating on a scale of 1 to 5 by all individual Directors. Every Director has to fill the questionnaire related to the performance of the Board, its Committees and individual Directors except himself. On the basis of the response to the questionnaire, a formal annual evaluation shall be made by the Nomination and Remuneration Committee of the performance evaluation of the Board and that of its Committees and individual Directors.

#### **Key criteria**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the Tyre/Automobile industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees



- Providing effective leadership and strategic guidance to the management;
- Understanding the Business, including g the Risks and regulatory landscape;
- Attend and active engagement in the discussion of business performance, competitive landscape and strategies;
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices;
- Nudging for long term focus areas such as succession planning, business continuity planning, etc.;
- Management of conflicts in Board's discussion; and
- Management of Conflict of Interest.

### **13. Training:**

The company shall provide suitable training to independent directors to familiarize them 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.

### **14. Removal:**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

### **15. Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **16. Policy For Remuneration to Directors/KMP/Senior Management Personnel/Other employees:**

#### **1) Remuneration to Managing Director / Whole-time Directors:**

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

#### **2) Remuneration to Non- Executive / Independent Directors:**

- a. The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The

amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

- b. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share-based payment schemes of the Company.
- d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - I. The Services are rendered by such Director in his capacity as the professional; and
  - II. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- e. The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).

### **3) Remuneration to Key Managerial Personnel and Senior Management:**

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share-based payments to be made to Key Managerial Personnel and Senior Management.
- c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

#### **4) Remuneration to other employees:**

The compensation for other employees would be as per the evaluation of other employees by respective Head of the Department and annual compensation review process from time to time in consultation with the Head Department.

#### **5) Deliberations on Whether Remuneration Was Commensurate with Performance:**

This involves evaluating:

- Whether the compensation paid to directors (including executive and non-executive directors) reflects the value they bring to the company.
- Whether the pay aligns with their role, responsibilities, and performance (e.g., achieving KPIs, governance oversight, strategic contributions).
- Whether the remuneration is benchmarked appropriately against industry standards and similar roles in peer companies.

**Purpose:** To ensure fair, transparent, and performance-linked remuneration practices, avoiding over- or under-compensation.

#### **17. Implementation**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

#### **18. Review And Amendment**

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. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.

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